FEBRUARY 1976

FEDERAL RESERVE BULLETIN

A copy of the Federal Reserve BULLETIN is sent to each member bank without charge; member banks desiring additional copies may secure them at a special $10.00 annual rate. The regular subscription price in the United States, its possessions, Canada, and Mexico is $20.00 per annum or $2.00 per copy; elsewhere, $24.00 per annum or $2.50 per copy. Group subscriptions in the United States for 10 or more copies to one address, $1.75 per copy per month, or $18.00 for 12 months.

The BULLETIN may be obtained from the Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and remittance should be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

FEDERAL RESERVE BULLETIN

NUMBER 2 □ VOLUME 62 □ FEBRUARY 1976

CONTENTS

PUBLICATIONS COMMITTEE

Lyle E. Gramley
Ralph C. Bryant
Joseph R. Coyne
Frederic Solomon
John M. Denkler
John D. Hawke, Jr.

James L. Kichline, Staff Director

The Federal Reserve BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. Direction for the art work is provided by Mack R. Rowe. Editorial support is furnished by the Economic Editing Unit headed by Elizabeth B. Sette.

The Economy in 1975

This article was prepared in the National Income Section of the Division of Research and Statistics.

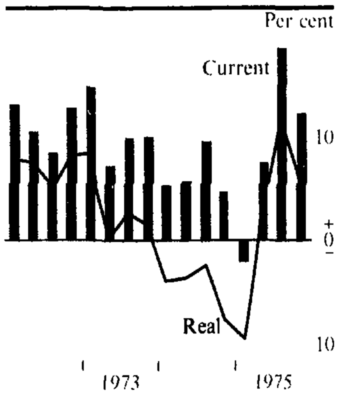
In early 1975 the U.S. economy began to recover from the longest and deepest recession since World War II. By the end of the year real gross national product had regained about three-fourths of the recession loss. Although unemployment had declined significantly from its spring peak, the total unemployed at year-end was still extremely large. The rate of inflation had also been reduced substantially, but it remained high by historical standards and cost pressures were continuing strong.

The expansion in economic activity from the first-quarter trough to the year-end was about equal to the average pace of previous postwar recoveries. Moderating inflationary pressures, easing credit conditions, and the fiscal stimulus of the Tax Reduction Act of 1975 all contributed to the upturn in consumer expenditures, which led the recovery in real final purchases in the spring and summer. Total final purchases, in constant dollars, turned up in the second quarter and continued to expand at an increasing pace during the remainder of the year.

After a modest rise in real GNP in the second quarter, when inventory liquidation was unusually deep, the rate of recovery in over-all activity accelerated sharply in the third quarter as business began to slow the run-off of stocks. In the late fall economic growth paused briefly as inventory investment stabilized and increases in consumer spending moderated. But the year ended with sizable gains in retail sales, employment, and industrial production.

The decline in real GNP from the last quarter of 1973 to the first quarter of 1975 exceeded the sharpest previous postwar downswing. Severe inflationary pressures, particularly those associated with the run-up of oil prices, were

Change in GNP



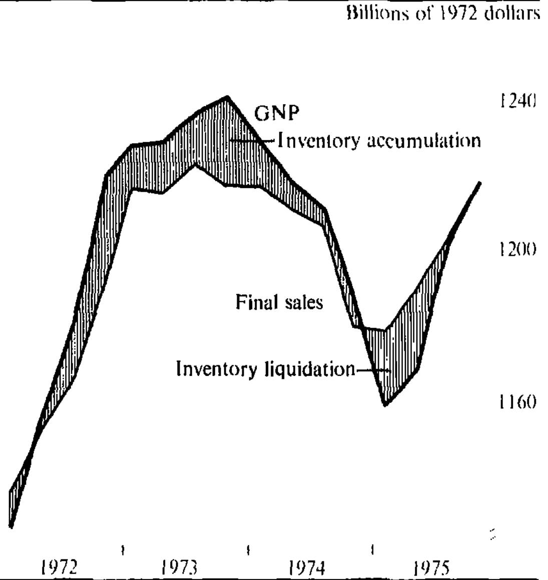
Dept. of Commerce data, seasonally adjusted annual rates. Real is in terms of 1972 dollars.

a major factor in bringing on the recession, and they contributed to its length and severity. Businesses were slow to adjust output and employment during 1973, when shortages and soaring prices masked the sluggishness of real final demands and profits while encouraging some speculation in inventories. Moreover, the slowdown in early 1974 apparently was thought to be just a temporary adjustment to the oil embargo. Once the underlying weaknesses were perceived, however, cutbacks in output and employment were made quickly.

PERSPECTIVE ON THE RECESSION AND RECOVERY

In retrospect at least, signs of an incipient downturn in economic activity were evident as far back as 1973 when there was a marked easing in real economic growth. In part, this slowdown was the result of basic materials shortages stemming mainly from the worldwide boom in economic activity. However, the increasing share of capital spending devoted to environmental requirements tended to retard ca-

GNP and final sales



Dept. of Commerce data, seasonally adjusted annual rates.

pacity growth in the basic materials industries, and the distorting effects of price controls may also have curtailed their output. However, retardation of growth in real activity in 1973 also reflected the weakening of gains in real consumer spending as mounting inflation slowed the growth in real disposable incomes. Gains in consumer income were further undermined in late 1973 by sharp cutbacks in output made by auto producers and other manufacturers in response to declining sales and reduced availability of petroleum-based products following the oil embargo in October 1973.

Real output dropped sharply in the first quarter of 1974 and continued to decline until the second quarter of 1975. Real disposable income also began declining in the first quarter of 1974, and consumer confidence continued to falter. In real terms, consumer spending recovered only partially after the oil embargo ended and then declined sharply again in the last quarter of 1974.

As 1974 progressed, the weakness of underlying demands began to be evident in other sectors also. Housing activity had been falling throughout the previous year and after a brief pause early in 1974, starts plummeted again; between the first and fourth quarters of the year they fell by almost 40 per cent as nominal interest rates reached unprecedented heights, impeding savings flows to thrift institutions and increasing the costs of homeownership. Nonresidential fixed investment, in real terms, began to decline in the second quarter of 1974 in response both to slackening consumer demands and to a growing awareness that inflation was distorting calculations of profits.

However, business continued to build inventories through mid-1974, apparently still responding to the extreme shortages of the previous year as well as to rapidly rising prices. Attempts were finally made to cut back inventories later in the year, but real final demand dropped so sharply—the steepest decline since World War II—that nonfarm inventories in constant dollars were accumulated at a $9 billion annual rate in the fourth quarter. Auto dealers, in particular, were left with extremely large stocks. Over all, real GNP declined at a 7.5 per cent annual rate in the fourth quarter, while industrial production declined at a 12.5 per cent annual rate and nonfarm employment was reduced by 450,000.

In the first quarter of 1975 the production and employment adjustments gathered momentum and real GNP declined even more rapidly—at a 9.2 per cent annual rate—the largest drop in the postwar period. Inventory liquidation at a $19 billion annual rate—in 1972 dollars—accounted for almost all of the decline. Final demand was down slightly, although real consumer outlays, especially for autos, increased in response to widespread price concessions. Net exports also showed improvement as imports fell drastically during this period of inventory liquidation.

The economy turned upward in the second quarter, after a total decline in real GNP amounting to 6.6 per cent, compared with an average drop of 2.1 per cent in the five earlier recessions. The largest previous postwar contraction had been 3.3 per cent in both the 1953–54 and 1957–58 contractions. Characteristically, the decline in industrial production—12.5 per cent from September 1974 to April 1975—was much greater than in GNP.

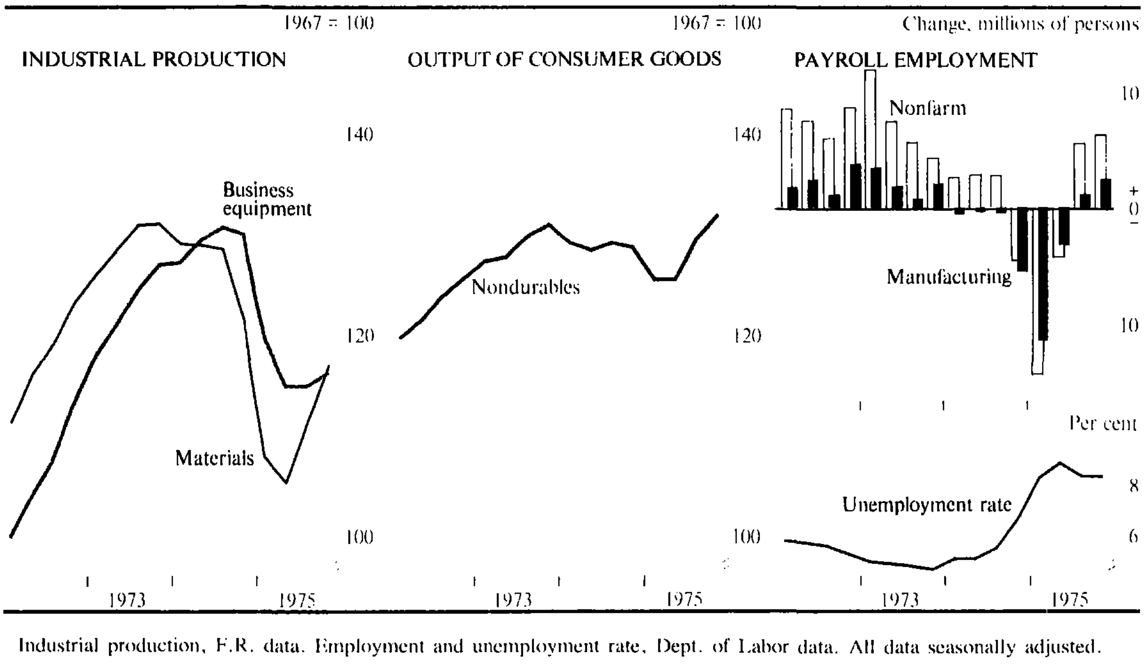
Inventories were liquidated at a somewhat greater rate in the second quarter, but final sales turned up and real GNP rose at a 3.3 per cent annual rate. One of the most important elements in this upturn was the growth in real disposable income and the support it provided for consumer outlays. These gains were made possible by a marked slowing of inflation—from a 12 per cent rate in the second half of 1974 to a 6.5 per cent rate in the first half of 1975—and the fiscal stimulus provided by the Tax Reduction Act of 1975, enacted in March. Several other factors also contributed to the turnaround, including a strong net export position and an upturn in housing activity—the result of easing credit conditions and improved flows of savings to thrift institutions.

Economic growth accelerated sharply in the spring and early summer, with the growth rate of real GNP reaching a 12 per cent annual rate in the third quarter. Although final sales improved from the second quarter, most of the acceleration resulted from the precipitous slowing in the rate of inventory liquidation. Final demands picked up somewhat further in the fourth quarter, but over-all economic growth eased to about a 5.5 per cent rate as the impact of the swing from inventory liquidation toward accumulation tapered off. Growth in real consumer spending slowed, but business capital spending turned up for the first time in this recovery. And in the last month of the year there were sizable advances in retail sales, employment, and industrial production.

By the fourth quarter of 1975 real GNP had advanced 5 per cent above its first-quarter low—about typical of past cyclical recoveries—but it was still 2 per cent below its 1973 high and industrial production remained 6 per cent below its previous peak. Unemployment totaled 7.9 million persons or 8.5 per cent of the labor force—higher than in any other postwar recession. Despite the substantial slack in the economy generally and in labor markets particularly, wages and prices continued to rise at a vigorous pace, only modestly below the rates early in the year.

Despite signs that it may be some time before business investment rebounds vigorously, there are widespread indications in consumer markets and elsewhere that the economy will continue to advance at a fairly rapid pace in 1976. Price increases will probably also be disconcertingly large, reflecting continued upward pressures from unit labor costs.

Production and employment



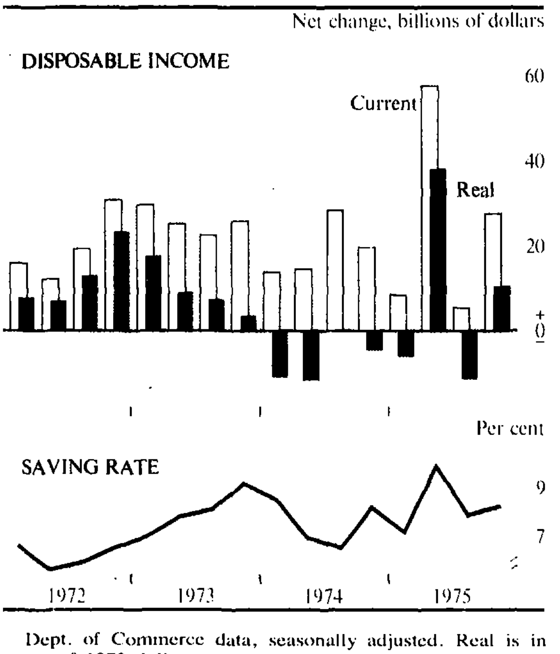
Industrial production, F.R. data. Employment and unemployment rate, Dept. of Labor data. All data seasonally adjusted.

INCOME AND CONSUMPTION

The consumption sector endured a far larger and more prolonged adjustment in the recent recession than in previous declines, largely because continued rapid inflation reduced real income and the value of assets. Rising prices also had an indirect, adverse effect on disposable income through the progressive income tax structure. With nominal personal incomes rising rapidly throughout 1974, many workers moved into higher tax brackets despite the decline in the real value of these incomes. Only a part of the resultant sharp rise in tax receipts was offset by the increase in transfer payments—massive as that was. In total, real disposable income declined by 4 per cent between the peak in the fourth quarter of 1973 and the trough in the first quarter of 1975.

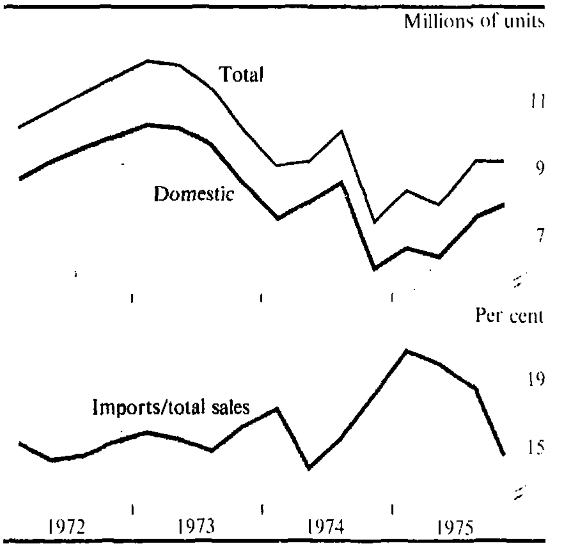
Real disposable income increased sharply in the second quarter of 1975 as a result of the Tax Reduction Act of 1975 in conjunction with a slowing of inflation and a continued increase in the level of transfer payments. Real disposable income fell temporarily in the third quarter, but then regained upward momentum.

Disposable income and saving



Dept. of Commerce data, seasonally adjusted. Real is in terms of 1972 dollars.

Auto sales



Ward's "Automotive Reports" data. Seasonal adjustment by F.R. Domestic-type autos include U.S. sales of cars produced in Canada.

The saving rate moved unevenly during 1975, due in part to the volatile movements in disposable income. But for 1975 as a whole the rate averaged 8.3 per cent—somewhat above the level of recent years and far above the 6.5 per cent average rate of the preceding decade and a half. This high saving rate probably reflected an attempt by consumers to restore the real value of wealth and real liquid balances—which had been greatly damaged by inflation—as well as the relative growth of farm and property income, a larger proportion of which is generally saved or reinvested.

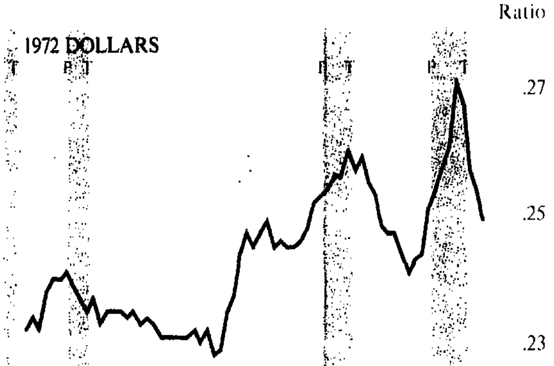
The massive fiscal stimulus in the second quarter caused real personal consumption expenditures to rise at an annual rate of more than 4 per cent in the second and third quarters. Expenditures for furniture and appliances and nondurable goods—particularly clothing and shoes—proved immediately responsive to the rise in income. Real outlays for goods other than autos shot up 9.5 per cent at an annual rate. By the third quarter, real consumer purchases had recovered to the level of 2 years earlier. As is typical after a large surge in expenditures, the increase in real personal consumption spending moderated in the following quarter.

Auto sales followed a slightly different pattern last year. Sales of U.S.-made autos rose in early 1975, from a deeply depressed annual rate of 6 million units at the 1974 year-end, as consumers responded to the lure of manufacturers' rebates on overstocked small cars. However, some of this demand was borrowed from the future, and the sales pace fell back in the second quarter. Then with inflationary fears moderating, sales of domestic-type autos picked up again—rising to nearly 8 million units, annual rate—in the final quarter. Sales of imported cars slowed from 1.7 million units in the first quarter to 1.3 million in the fourth as this market was affected by intense domestic competition and severe inventory shortages at model changeover time.

INVENTORY INVESTMENT

The enormous size of the swing in inventory investment—and the effects that it had on production, income, and employment—was unprecedented in the postwar period. There had been a general build-up of stocks of both nondurable and durable goods in late 1973 and in the first half of 1974 in response to earlier strong demands, shortages, and expected price increases. By the third quarter of 1974, however, inventory/sales ratios had risen to historically high levels. As a result, businessmen began to trim their stocks of nondurable goods, particularly in the trade sector. With the collapse of consumer demand in the fourth quarter there was a sizable, unintended accumulation of durable goods, particularly autos. Redoubling their efforts, business firms achieved a massive liquidation in the first half of 1975 as producers joined retailers and wholesalers in ruthlessly cutting inventories.

Ratio of total business inventories to GNP final sales



Dept. of Commerce data, seasonally adjusted.

Although production of durable goods was reduced very sharply in the fall and winter of 1974–75, stocks—especially of unsold automobiles—increased as real final demand contracted at the unusually fast rate of nearly 9 per cent in the fourth quarter of 1974. In the first quarter of 1975 there was a huge run-off of auto inventories and some liquidation of durable goods other than autos. During this period production was cut further and final demands were satisfied to a significant extent out of inventories.

The quite substantial liquidation of nondurable goods inventories has been a unique feature of this recession. Typically, the inventory cycle is dominated by movements in durable goods stocks where producers are less able to adjust output rapidly to changed sales patterns. The exceptional role of nondurable goods in this cycle probably is related to the unusually sharp movements in final demand for such goods, many of which have petrochemical bases. To a lesser extent, price uncertainty may have played a role as processors shied away from holding a number of products, for example petrochemicals, whose prices had risen astoundingly.

By late spring and early summer, demands were increasing for nondurable goods and the inventory/sales ratio dropped sharply despite rising production. There were some indications that the run-off of stocks in the second quarter was excessive. By December, production of nondurable consumer goods was 7 per cent above the trough level and that of materials had risen by 12 per cent.

In contrast, producers of durable goods continued to reduce their stocks throughout the second half of 1975. The recovery in durable goods production has been somewhat slower than the average postwar experience. Some of this sluggishness appears due to the still cloudy outlook for business equipment production. In addition, business firms apparently are remaining cautious toward increases in inventory levels in view of the 1974 experience.

As the year closed, stocks of nondurable goods remained quite thin relative to sales, and further increases in demand should be reflected in new ordering. Durable goods inventories on the other hand were still fairly high relative to sales, and liquidation may continue a bit longer. Over all, the stage seems set for a moderate accumulation of inventories during 1976 as real final demands strengthen further.

BUSINESS FIXED INVESTMENT

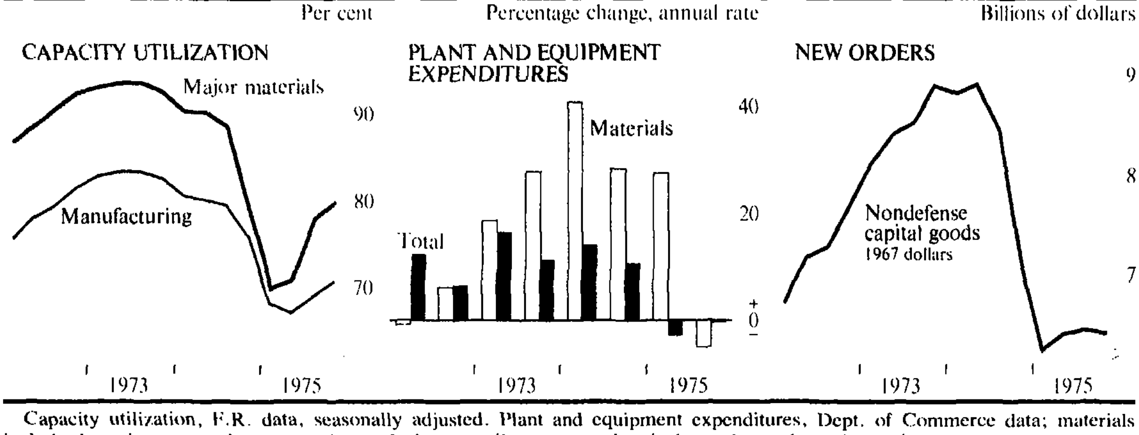
Real business fixed investment, which had fallen sharply in the second half of 1974, continued weak as the economic recovery got under way. However, by the fall of 1975 capital spending appeared to have bottomed out, and late in the year it was beginning to support the recovery. For 1975 as a whole, capital outlays by business were about unchanged from 1974 in current dollars but were down almost 12 per cent in real terms.

Compared with previous economic contractions, the decline in real business fixed investment was unusually severe, and the ensuing recovery has been somewhat slow to develop. Real capital outlays declined 18 per cent from the first-quarter-1974 peak to its trough during the third quarter of 1975—the largest fall in any postwar recession. And whereas economic activity began to recover in the second quarter of the year, growth in real spending for business fixed investment did not start until a half-year later.

The major deterrent to substantial, early recovery in capital spending was the still depressed level of real sales, both at home and abroad, and relatively low rates of capacity utilization throughout 1975. Thus, although there were other developments in 1975 that normally would have had a favorable impact on capital outlays—an increased investment tax credit, a substantial recovery in corporate profits, and moderating inflation in capital goods prices—firms were extremely cautious about adding to capacity.

This was the first postwar recession in which the real decline in structures was greater than in equipment. There were several reasons for this. As usual, the recession brought sharply lower corporate profits, which made it difficult to finance new investment internally. At the same time record high interest rates and low price/earnings ratios made external financing expensive. Because investment in structures, as compared with equipment, is more sensitive to the cost of borrowing and because equipment became eligible for a temporarily increased tax credit in 1975, the impact of these financial developments on structures was particularly severe.

Utilization and business investment



Capacity utilization, F.R. data, seasonally adjusted. Plant and equipment expenditures, Dept. of Commerce data; materials include the primary metals, stone, clay and glass, textiles, paper, chemicals, and petroleum industries. New orders, Dept. of Commerce data, seasonally adjusted; deflation by F.R.

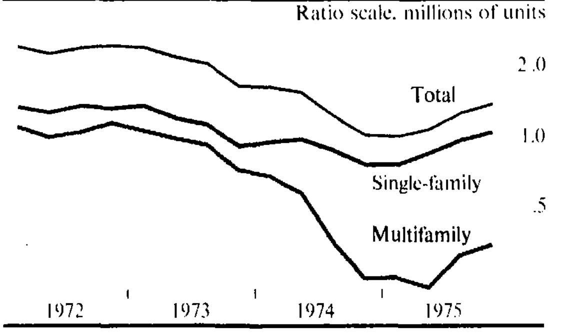
As in the two previous years, plant and equipment expenditures were relatively stronger in the manufacturing sector than elsewhere. Materials producers, despite their reduced operating rates in 1975, have been accounting for a growing share of capital spending for several years. Their strong investment spending reflected both the capacity constraints that were evident before the onset of the recent recession and the need to be in compliance with environmental regulations. According to some estimates, such producers increased capacity by about 4 per cent in 1975. In contrast, both the auto industry (and the related rubber industry) and producers of electrical machinery showed sharp drops in investment spending. In electric utilities, capital spending showed a decrease in 1975 after averaging a 14 per cent annual rate of growth from 1962 to 1974. Communications and commercial firms also cut back sharply on capital spending in 1975.

Evidence available at the end of 1975 suggests that a vigorous recovery is not yet in sight for business fixed investment. The Commerce Department's year-end survey of plans for new plant and equipment expenditures indicated a moderate gain in nominal capital spending in 1976 but a decline in real expenditures from 1975. Other leading indicators of capital spending—new orders, construction contracts, and capital appropriations—also have yet to show real strength. On the positive side, the recovery in corporate profits, coupled with falling interest rates and the improving stock market, has reduced the liquidity problems that hindered investment in 1975. In addition, the extension of the income tax cut and the strong Christmas selling season have bolstered confidence. Capital spending should begin to strengthen as business begins adding to its capacity in anticipation of further economic recovery.

HOUSING

In the first quarter of 1975, private housing starts ended the steepest and most protracted decline since World War II. They had dropped from a peak of 2.4 million units, annual rate, toward the end of 1972 to a low of 1 million in early 1975. Starts turned up in the spring and by the year-end had advanced more than 40 per cent from their low. Factory shipments of new mobile homes for domestic use also showed some recovery as 1975 progressed, but for the year as a whole these shipments were no greater than they had been in the mid-1960's and were some 60 per cent below their 1972 high. Expenditures for residential construction, including mobile homes, contributed less to the over-all improvement in final demands in 1975 than had been the general experience in previous upturns.

Privately owned housing starts



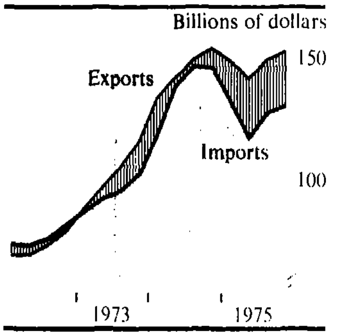
Dept. of Commerce data, seasonally adjusted annual rates.

The relatively low level of housing starts in 1975 (1.2 million) reflected continued depressed conditions in multifamily construction. Such starts amounted to only 270,000 units during the year—the lowest level since the late 1950's. This development was due to a number of factors, including the financial difficulties of builders of such projects, a heavy overhang of structures under way as the year began, continued weakness in consumer demands for condominium ownership, and difficulties in achieving rent levels sufficient to cover rising costs of construction and operation.

Single-family starts, on the other hand, increased to a total of nearly 900,000 units for 1975 as a whole and by year-end they were at an annual rate of about 1 million units. They benefited from support from Federal programs designed to provide below-market interest rates for some buyers. In addition, sales of new homes for owner occupancy were stimulated to some extent by the lure of special income tax rebates on purchases made before 1976 from the overhang of dwellings still in builder inventories early last spring. Also the cost of mortgage credit declined somewhat during the year and loan availability improved as thrift institutions experienced exceptionally strong inflows throughout 1975.

With the number of dwelling units under construction continuing far below their previous highs and with mortgage credit conditions improving, support from residential construction for the general economic recovery may pick up significantly in 1976.

U.S. foreign transactions
Goods and services



Dept. of Commerce data, seasonally adjusted annual rates.

EXPORTS AND IMPORTS

The nominal value of net exports of goods and services on a national income accounts basis was $22 billion in 1975, the largest on record. The increase in the surplus from $3 billion (seasonally adjusted annual rate) in the third quarter of 1974 to $24 billion in the second quarter of 1975 helped to moderate the decline in GNP. Although the surplus receded somewhat in the second half of the year, it remained surprisingly large and acted as less of a drag on real GNP growth than is usual in the early phase of a recovery.

The most important factor in the strong performance of net exports in 1975 was a very large reduction in imports of goods as a result of the U.S. recession. From the fourth quarter of 1974 to the second quarter of 1975, merchandise import volume declined more than 20 per cent. With the sharp recovery of domestic activity, volume recovered about half of this decline in the third quarter, and it continued to grow, but more slowly, in the fourth quarter.

While merchandise imports were extremely sensitive to U.S. economic activity, merchandise exports held up rather well in the face of declining economic activity abroad. The volume of nonagricultural exports did fall by 9 per cent over the first two quarters, but it turned up in the second half before the general pick-up was under way in the rest of the industrial world. Factors contributing to this nonagricultural export performance included (1) somewhat milder recessions in other major countries, on average, than in the United States; (2) an increase in exports to oil-exporting countries as well as non-oil-exporting developing countries despite the latter's reduced export earnings; and (3) the price competitiveness of U.S. goods, which had improved over the three previous years.

Agricultural exports also played a key role in supporting net exports. The outlook had been for lower volume than in 1974 until the Soviet Union began buying large amounts of wheat and corn due to an impending shortfall in their harvest. As a result, agricultural export volume for 1975 was about 2 per cent above that of the previous year. Net service transactions also contributed around $8 billion to net exports in 1975.

STATE AND LOCAL GOVERNMENT

Expenditures and employment by State and local governments provided considerable strength to the economy during most of the 1960's and early 1970's. The latter half of 1974, however, brought increasing difficulties to these units. Although nominal expenditures rose sharply, inflation outpaced spending to the point that real purchases actually declined. Furthermore, growth in receipts slowed in 1974. As a result, from 1973 to 1974 there was a $6 billion shift from surplus to deficit in the "operational" budget, which excludes the net saving in social insurance funds.

The fiscal difficulties of State and local governments were accentuated in 1975 as the financial problems of New York City and of New York State agencies led to higher borrowing costs for many governmental units across the country. The psychological effects of the New York City crisis, combined with inherent fiscal problems, apparently caused State and local governments to tighten their budgets. Current-dollar purchases of goods and services grew by 9 per cent over the four quarters of 1975, down from the 12.5 per cent increase in the preceding year. Because New York State and all its municipalities constitute just over 10 per cent of the sector's total spending, this slowdown undoubtedly reflected a general attitude of caution on the part of a large number of governments outside New York.

While current-dollar spending slowed in 1975, real purchases contributed to the recovery as cost increases moderated over the year. Real spending on structures was up 2.7 per cent in 1975. Real compensation grew 5 per cent over the year as employment rose by half a million. The latter increase would have been substantially lower had it not been for the addition of 250,000 public-employment-program workers under a Federal grant program.

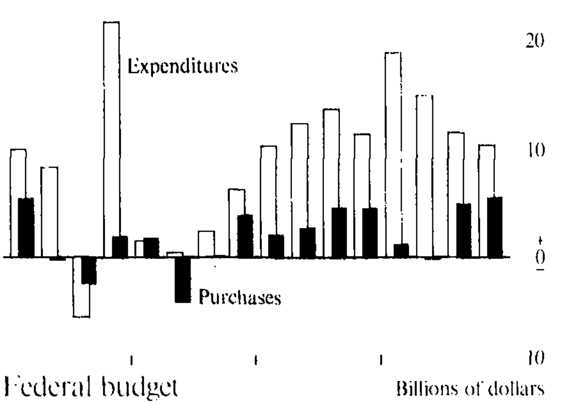
The deficit position that had developed earlier during the recession worsened in the first quarter of 1975 but then rapidly improved as some spending cuts took hold and as receipts increased due to the recovery. In the second half of the year the budget position moved firmly into surplus.

FEDERAL GOVERNMENT

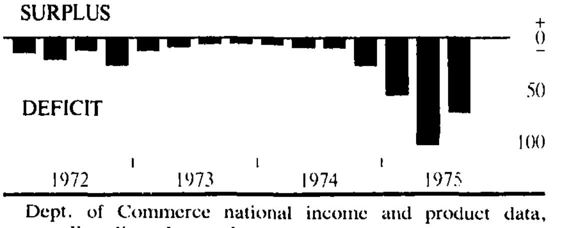
Real Federal Government purchases of goods and services declined slightly in 1975. The major fiscal impacts on the economy were through the Tax Reduction Act of 1975 and through sharply increased transfer payments. The fiscal stimulus embodied in the tax act was unprecedented. Among other things this legislation provided (1) a cut in personal tax witholding rates and corporate taxes for the remainder of 1975, amounting to about $12 billion, and (2) one-time cash payments, made mostly in May and June and amounting to nearly $10 billion, in the form of rebates on 1974 individual income taxes (up to $200) and a special $50 payment to Federal social security beneficiaries.

The duration of unemployment insurance coverage was lengthened to 65 weeks, and coverage was widened to include individuals not previously covered. The food stamp program and Federal grants to State and local governments for public service employment also were expanded. However, because of the continuing inflation, tax burdens were not automatically reduced to the extent experienced in previous recessions. Nevertheless, the Federal budget deficit (NIA basis) reached a peacetime high of $102 billion (at annual rates) in the second quarter, when a substantial portion of the payments under the Tax Reduction Act were made; the deficit averaged about $74 billion for the year as a whole. On a high-employment basis, fiscal policy was considerably more stimulative in 1975 than in preceding years as the budget shifted from an $18 billion surplus in 1974 to a $9 billion deficit in 1975.

Federal purchases and expenditures



Federal budget

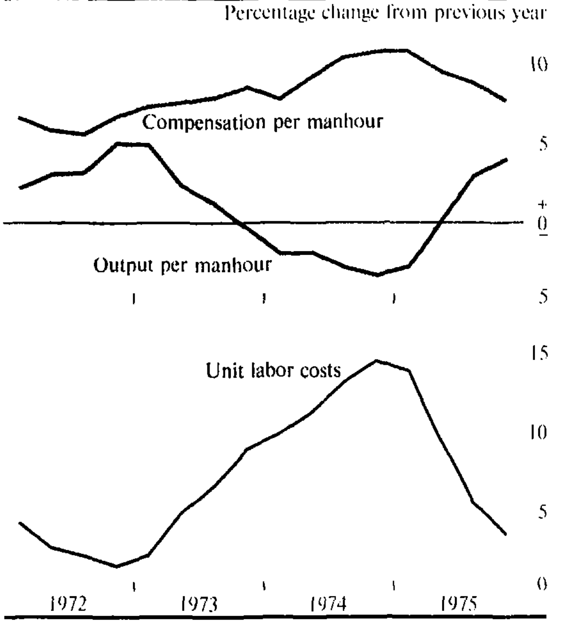


Dept. of Commerce national income and product data, seasonally adjusted annual rates.

EMPLOYMENT

Developments in the labor market paralleled those in output in 1975. Nonfarm payroll employment fell 2.5 million, seasonally adjusted, between September 1974 and June 1975. All of this reduction occurred in the private sector. Boosted by an uncharacteristically strong recessionary growth in the labor force, the unemployment rate jumped from 5½ per cent in the third quarter of 1974 to nearly 9 per cent in the second quarter of 1975. From June to December 1975, however, almost three-fifths of the earlier job loss was recovered. But labor force growth continued rapid, and the unemployment rate dropped slightly under the 8 per cent mark as the economy entered 1976. (For a more complete discussion of labor market developments, see the January 1976 BULLETIN.)

Private nonfarm sector



Dept. of Labor data, seasonally adjusted.

PRICE AND LABOR COSTS

Inflationary pressures eased in 1975 following the acute acceleration of 1974, but inflation continued to be a serious problem at year-end, with rates of price and wage increases remaining high. The implicit deflator for GNP—a broad measure of price performance—increased 6.4 per cent from the end of 1974 to the end of 1975, about half the rise of the preceding year. The rate of wage inflation also slowed over the year, but less than prices, as workers attempted to recapture some of the income that had been lost to price inflation during 1973 and 1974.

The slowdown in price inflation was led by a sharp deceleration in the rate of wholesale price increases early in 1975, which began to be reflected at the consumer level by the spring of the year. Price rises for many commodities began to ease, and the consumer price index slowed from a 12 per cent increase during 1974 to a 7 per cent increase in 1975.

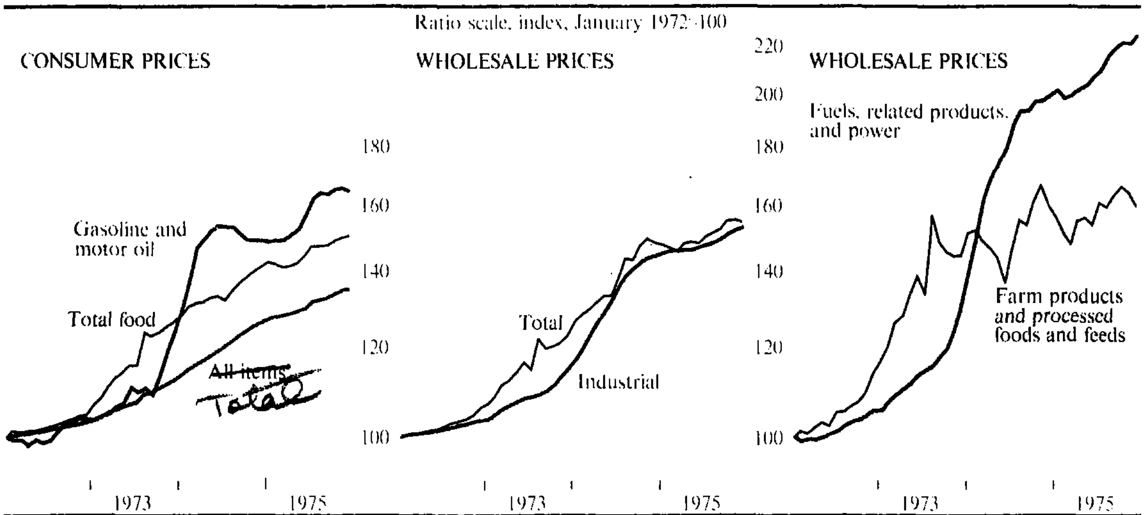
The sharp reduction in aggregate demand during 1974 and the first half of 1975 played a major role in reducing inflationary pressures. The effect on prices of less spending by consumers and businesses manifested itself most dramatically in the form of cash rebate programs for automobiles and reduced prices of many other durable goods. Attempts to liquidate severely swollen business inventories also led to price cutting for several industrial materials in the first part of the year.

Two important sectors where there has been a relatively large deceleration in the rate of price inflation are fuels and power and food. As world prices of crude oil began to stabilize in early 1974, increases in wholesale prices for fuels and power and retail prices for gasoline and oil began to slow. Prices of these products, however, started to pick up again in the spring and summer of 1975, reflecting, in part, the oil import fees imposed in February and June.

The advanced levels of world demand for U.S. farm products drove farm prices up sharply in 1973 and 1974. The high level of prices, however, brought forth record plantings in 1975, and favorable weather conditions helped to produce a bumper harvest in the United States, considerably improving the price picture for food.

Increases in unit labor costs moderated substantially during 1975 and contributed to the easing of price pressures over the year. In the fourth quarter of 1975 such costs in the private nonfarm sector were about 3.5 per cent above

Prices



Dept. of Labor data, seasonally adjusted.

their level in late 1974, compared with a postwar record increase of more than 14 per cent during the preceding year. The resurgence of growth in labor productivity in mid-1975, following declines in seven of the eight previous quarters, was the major factor in the deceleration of labor costs as compensation per hour increased 7.7 per cent over the year.

Prices generally grew at a faster pace than labor costs in 1975 as businesses attempted to widen their recession-narrowed profit margins. The share of the value of output of nonfinancial corporations going to corporate profits (excluding inventory profits) rose to 10.5 per cent in the third quarter of 1975 from the recent low of 6.7 per cent in the fourth quarter of 1974, reflecting the sharpest recovery of corporate profits in the postwar period. Nevertheless, the profit share is still well below the 14.6 per cent average of the postwar period.

The current low levels of unutilized productive resources—both capital and labor—are likely to act as a moderating force on price pressures during the coming months. Although much of the price performance will depend on such external forces as price decisions by the Organization of Petroleum Exporting Countries and world harvests, domestic productivity gains and labor costs in a year of heavy collective bargaining activity will also play an important role in the determination of price changes in 1976. □

Revision of Money Stock Measures

In mid-January the Board of Governors released its annual revision of money stock measures and related items.[1] This revision included the incorporation of new estimates for domestic nonmember banks, based on call report data for June and September 1975, and the regular updating of seasonal adjustment factors. It also incorporated new estimates of the cash-items-bias adjustment, which had been introduced in the money stock series in late 1969.

Revised monthly data back to January 1970, both before and after seasonal adjustment, for the money stock and related measures are shown on pages 86 and 87. Monthly and weekly data, seasonally adjusted and unadjusted, for earlier years, are available from the Banking Section, Division of Research and Statistics.

EFFECTS OF THE BENCHMARKING

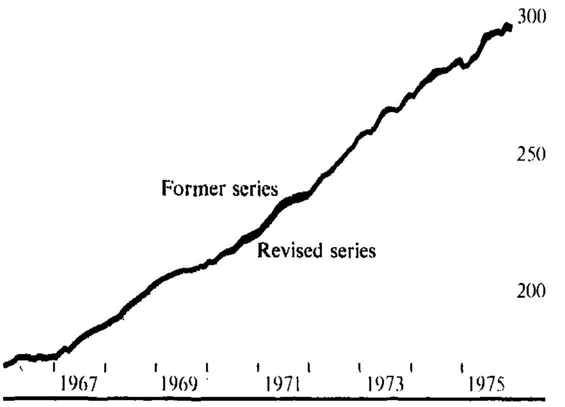
The effects on the narrow money stock (M_1) of the benchmark adjustments for domestic nonmember banks were small. Domestic nonmember deposits and certain other components of the money stock were benchmarked to the June and September call reports. The June revision for nonmember banks lowered the level of M_1 less than \$100 million, while the September benchmark lowered the level of the series about \$300 million. Other benchmark adjustments for deposits due to foreign commercial banks and mutual savings banks also lowered the level of M_1 a little. In total, M_1 was lowered about \$300

TABLE 1
Seasonal adjustment factors for M_1

Month	Demand deposit component		Currency component	
	Old series	Revised series	Old series	Revised series
1975 Jan.	1.0350	1.0290	.9935	.9935
Feb.	.9900	.9880	.9873	.9870
Mar.	.9900	.9900	.9910	.9920
Apr.	1.0090	1.0090	.9945	.9945
May	.9790	.9790	.9970	.9975
June	.9910	.9960	1.0020	1.0025
July	.9955	.9985	1.0080	1.0075
Aug.	.9840	.9845	1.0035	1.0035
Sept.	.9920	.9920	.9990	.9985
Oct.	.9980	.9960	.9990	.9980
Nov.	1.0050	1.0060	1.0070	1.0070
Dec.	1.0310	1.0320	1.0175	1.0185

Money stock

Billions of dollars



Seasonally adjusted monthly averages of daily figures.

NOTE. Edward R. Fry, Darwin Beck, and Mary F. Weaver of the Board's Division of Research and Statistics prepared this article.

[1] The money stock and related measures include M_1 (private demand deposits adjusted plus currency); M_2 (M_1 plus commercial bank time and savings deposits other than large negotiable certificates of deposit); M_3 (M_2 plus deposits at mutual savings banks, savings capital at savings and loan associations, and credit union shares); M_4 (M_2 plus large negotiable time CD's outstanding at weekly reporting banks); and M_5 (M_3 plus large negotiable CD's outstanding at weekly reporting banks). Monthly and weekly data for these series are published in the BULLETIN and they also appear each week in the Board's H.6 press release.

TABLE 2
Seasonal adjustment factors for 1976—M_1 and related measures

Period	Currency	Demand deposits	Time deposits other than CD's: Member banks	Time deposits other than CD's: Nonmember banks	Certificates of deposit
Jan.	9935	1.0290	.9990	.9950	.9910
Feb.	.9870	.9880	1.0010	1.0020	.9690
Mar.	.9920	.9900	1.0060	1.0090	.9810
Apr.	.9945	1.0090	1.0080	1.0080	.9710
May	.9975	.9790	1.0090	1.0070	.9880
June	1.0025	.9960	1.0060	1.0030	.9790
July	1.0075	.9985	1.0010	.9990	.9900
Aug.	1.0035	.9845	.9990	1.0010	1.0300
Sept.	.9985	.9920	.9950	.9980	1.0460
Oct.	.9980	.9960	.9950	.9970	1.0350
Nov.	1.0070	1.0060	.9890	.9920	1.0130
Dec.	1.0185	1.0320	.9920	.9890	1.0070
Week ending:					
Jan. 7	1.0090	1.0590	.9975	.9910	.9960
14	1.0000	1.0450	.9985	.9942	.9940
21	.9910	1.0270	.9990	.9958	.9900
28	.9785	.9980	.9997	.9967	.9890
Feb. 4	.9850	1.0000	.9985	.9978	.9810
11	.9950	.9920	1.0005	1.0008	.9750
18	.9900	.9890	1.0000	1.0020	.9670
25	.9780	.9745	1.0025	1.0040	9630
Mar. 3	.9860	.9920	1.0025	1.0055	9660
10	.9985	.9880	1.0045	1.0074	.9740
17	.9950	.9940	1.0060	1.0088	.9810
24	.9900	.9845	1.0060	1.0095	.9870
31	.9850	.9915	1.0085	1.0100	.9880
Apr. 7	1.0010	1.0110	1.0085	1.0108	.9760
14	1.0005	1.0160	1.0080	1.0090	.9720
21	.9920	1.0190	1.0080	1.0068	.9690
28	.9830	.9940	1.0080	1.0060	.9690
May 5	.9950	.9900	1.0080	1.0054	.9720
12	1.0020	.9800	1.0090	1.0061	.9820
May 19	.9970	.9780	1.0085	1.0070	.9900
26	.9930	.9680	1.0095	1.0074	.9950
June 2	.9980	.9840	1.0085	1.0062	.9950
9	1.0090	.9900	1.0075	1.0060	.9870
16	1.0045	1.0050	1.0065	1.0040	.9790
23	.9995	.9950	1.0040	1.0012	.9720
30	.9955	.9950	1.0040	.9999	.9720
July 7	1.0210	1.0060	1.0025	.9998	.9760
14	1.0110	1.0090	1.0010	.9988	.9820
21	1.0060	.9960	1.0005	.9986	.9900
28	.9965	.9840	1.0000	.9992	1.0000
Aug. 4	1.0030	.9925	.9997	1.0002	1.0120
11	1.0130	.9890	1.0000	1.0020	1.0190
18	1.0080	.9870	.9990	1.0012	1.0290
25	.9975	.9740	.9980	1.0010	1.0380
Sept. 1	.9940	.9820	.9975	1.0002	1.0450
8	1.0120	.9910	.9970	.9994	1.0460
15	1.0020	1.0010	.9950	.9982	1.0460
22	.9960	.9930	.9930	.9969	1.0460
29	.9860	.9830	.9945	.9970	1.0460
Oct. 6	1.0000	.9960	.9945	.9975	1.0450
13	1.0060	.9950	.9965	.9979	1.0390
20	.9980	1.0000	.9955	.9972	1.0340
27	.9920	.9860	.9955	.9954	1.0320
Nov. 3	.9940	1.0100	.9925	.9932	1.0220
10	1.0115	1.0020	.9915	.9928	1.0160
17	1.0085	1.0100	9885	.9919	1.0110
24	1.0080	.9990	.9885	.9916	1.0100
Dec. 1	1.0060	1.0120	.9870	.9905	1.0100
8	1.0200	1.0200	.9890	.9898	1.0100
15	1.0170	1.0320	.9905	.9888	1.0070
22	1.0215	1.0320	.9925	.9876	1.0060
29	1.0185	1.0350	.9950	.9878	1.0070

million in June 1975 and $600 million in September, because of the benchmarking.

The benchmark adjustments for M_2 were larger. Nonmember bank time deposits were reduced $500 million in June and an additional $1.7 billion in September. Thus, M_2 was $800 million and $2.0 billion lower in June and September, respectively.

SEASONAL FACTOR REVISION

The indications in recent years of a changing seasonal pattern in the demand deposit component of the money stock were buttressed by the configuration of deposit flows in 1975. As a result, changes in monthly seasonal factors were somewhat greater than in recent reviews.[2] Changes in seasonal factors were largest for January and June; factors for certain other months were changed slightly, as shown in Table 1. The January seasonal factor for demand deposits was lowered relative to surrounding

[2] In preparing for this revision, the Board's staff investigated several alternative methods of seasonal adjustment of the M_1 series. The various methods produce widely differing monthly growth rates. The money stock is subject to a variety of transitory influences that limit the significance of short-run growth rates, and partly in consequence seasonal factors are subject to considerable uncertainty. A technical paper comparing the results of alternative procedures is available from the Banking Section, Division of Research and Statistics.

TABLE 3

Money stock growth rates: comparison of old and revised

Annual rates of growth in per cent

Period	M_1		M_2		M_3	
	Old series	Revised series	Old series	Revised series	Old series	Revised series
	Based on quarterly-average data					
1974	5.2	5.0	7.7	7.7	7.1	7.1
1975	4.5	4.4	8.7	8.2	11.3	11.1
1975—H1....	4.2	4.0	8.5	8.0	10.9	10.2
H2....	4.7	4.8	8.4	8.2	11.1	11.4
Q1	.3	0.6	5.8	5.6	7.8	7.5
Q2....	8.6	7.4	11.2	10.2	13.8	12.6
Q3....	6.9	7.1	10.4	10.1	13.2	13.3
Q4....	2.4	2.5	6.4	6.1	8.7	9.2
	Based on monthly-average data					
1974	4.8	4.7	7.2	7.2	6.8	6.8
1975	4.2	4.2	8.8	8.3	11.4	11.2
1975—H1....	6.0	5.6	10.6	9.8	13.0	11.9
H2....	2.3	2.7	6.6	6.5	9.3	9.9
Q1 ...	0.8	1.4	7.6	6.9	9.9	9.0
Q2 ...	11.2	9.7	13.4	12.5	15.7	14.5
Q3 ...	2.3	3.6	6.3	6.5	9.9	10.7
Q4 ...	2.3	1.9	6.8	6.4	8.5	8.9
1975—Jan. ..	−11.8	5.1	2.5	4.1	5.6	6.2
Feb. ..	3.4	......	8.4	7.2	9.9	8.9
Mar...	11.0	9.4	11.6	9.3	13.9	11.7
Apr. .	3.4	3.4	7.3	7.1	11.7	10.8
May ..	11.3	11.4	13.4	13.4	14.9	14.9
June ..	18.7	14.2	19.2	16.5	19.8	17.4
July ..	2.0	3.7	8.2	9.5	12.2	13.2
Aug. .	2.9	5.3	5.9	5.7	9.4	10.3
Sept. .	2.0	1.6	4.8	4.2	7.8	8.5
Oct...	−2.4	−0.8	4.2	5.2	7.4	8.4
Nov. .	12.2	9.4	12.9	10.8	12.4	11.6
Dec...	2.8	2.8	3.2	3.1	5.6	6.5

months, and the June factor was raised. As usual, the changes in seasonal factors for currency were minor, and they had no significant effect on the pattern of currency growth.

Seasonal factors for commercial bank time and savings deposits and for thrift institution deposits were also reviewed. Changes in seasonals for time and savings deposits at commercial banks were relatively minor, affecting the series from 1966 to date, but the factors for thrift institutions were changed more extensively.

The method of seasonal adjustment applied to the thrift institution deposits differs from that previously utilized, and seasonal factors for this series were changed back to 1959. In the past thrift institution deposits had been seasonally adjusted using the Census Bureau X-11 "additive" method. In this review the Census Bureau X-11 "multiplicative" method was used.[3] This change resulted in only minor adjustments in the historical series, and the largest changes were in seasonal factors for recent years. Factors in the first half of the year now tend to be higher, and most of the offset to these higher factors is concentrated in the third quarter. Impacts of these changes on growth rates for M_3 and M_5 measures were minor.

[3] For a detailed description of the Census Bureau X-11 method, see *The X-11 Variant of the Census Method II Seasonal Adjustment Program*, Technical Paper No. 15, U.S. Department of Commerce.

Monthly and weekly seasonal factors for 1976 for the currency and deposit components of M_1 and M_2, as well as for large negotiable certificates of deposit, are shown in Table 2.

OTHER ADJUSTMENTS

In addition to the benchmark adjustments and the changes in seasonal factors, this year's revision incorporates new estimates of the "cash-items-bias adjustment." In the construction of the money stock, cash items in the process of collection—which represent checks received but not yet collected—are deducted from private demand deposits as reported by banks in order to avoid double counting of deposits. In 1969 and 1970 adjustment had been made in the money stock data to correct for a "cash-items bias" emanating from international financial transactions.

In the late 1960's and early 1970's cash items in the process of collection grew very rapidly. A large part of this increase was related to the growth of Euro-dollar and other international financial transactions and to the clearing of such transactions through domestic banks. Such transfers generally did not create private demand deposit liabilities, so there was no counterpart build-up in money stock deposits associated with the rapid increase in cash items. Therefore, both the level and the growth rate of M_1 were understated when total cash items were deducted from total money stock deposits. The understatement of M_1 was corrected on the basis of data obtained from Edge Act corporations, agencies and branches of foreign banks, and other foreign-related institutions that measured the volume of items cleared through domestic banks.

Recently it was discovered that because of certain bank accounting practices the data collected had overstated the amount of the cash-items bias in recent years. Additional data obtained to adjust the figures for these years indicate that the overstatement was generally minor, with the largest corrections in 1970 and 1971. In contrast, the additional data indicate that prior to 1970 the cash-items bias was understated by minor amounts; revisions to correct that bias were also folded into the series back to 1966.

When the money stock has been revised to take into account the new benchmarks, the new seasonal factors, and the changes in the cash-items-bias adjustment, the effect, as shown in the chart, is to raise the level of M_1 slightly from 1966 to 1969, and to lower it thereafter. The largest impact occurs in 1970 and 1971 when the level is reduced about \$2 billion. In the latter half of 1975 the level of M_1 was reduced about \$1.0 billion.

IMPACT ON GROWTH RATES

Table 3 shows, in percentage terms, the effect of the revisions on annual rates of growth in money stock measures for recent periods. The upper part of the table shows growth rates based on quarterly-average data; the lower part, growth rates based on monthly-average data. In terms of half-years, the revision lowered the growth rates of M_1 and M_3 in the first half of 1975 and raised them in the second half. Both first- and second-half growth rates were lowered for M_2 because of the large benchmark adjustment, but this measure also shows relatively larger growth in the second half after revision.

Revisions in monthly growth rates were larger than usual, primarily because of the changes in seasonal adjustment factors. The largest differences were in January and June 1975; in these 2 months, respectively, the growth rate of M_1 was raised 6.7 percentage points and lowered 4.5 percentage points. The changes in monthly growth rate patterns for M_2 and M_3 are very similar to the pattern of M_1, but the differences in growth rates are generally much smaller.

NOTES TO TABLES

[1] M_1 includes (1) demand deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Govt., less cash items in the process of collection and Federal Reserve float; (2) foreign demand balances at Federal Reserve Banks; (3) currency outside Treasury, Federal Reserve Banks, and vaults of all commercial banks.

M_2 includes—in addition to currency and demand deposits—savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable time CD's issued in denominations of \$100,000 or more by large weekly reporting commercial banks. Excludes time deposits of the U.S. Govt. and of domestic commercial banks.

M_3 includes M_2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings capital at savings and loan associations, and credit union shares.

M_4 includes M_2 plus large negotiable CD's.

M_5 includes M_3 plus large negotiable CD's.

[2] Negotiable time CD's issued in denominations of \$100,000 or more by large weekly reporting banks.

[3] Average of beginning- and end-of-month deposits at mutual savings banks, savings capital at savings and loan associations, and credit union shares.

[4] At all commercial banks.

Money stock Seasonally adjusted

In billions of dollars (for footnotes see page 85)

(for footnotes see page 85)

Year and month	Over-all measures[1]					Related data					
							Deposits at commercial banks				Nonbank thrift institutions[3]
							Demand	Time and savings			
	M_1	M_2	M_3	M_4	M_5	Currency		CD's[2]	Other	Total	
1970—Jan.	210.4	393.0	607.9	403.5	618.4	46.3	164.2	10.5	182.6	193.1	214.8
Feb.	209.7	392.0	606.9	402.7	617.6	46.5	163.2	10.6	182.4	193.0	214.9
Mar.	211.0	394.5	610.1	406.0	621.5	46.7	164.3	11.4	183.5	194.9	215.6
Apr.	212.5	398.0	614.6	411.0	627.6	47.0	165.5	13.0	185.5	198.5	216.6
May	213.3	400.1	618.0	413.5	631.4	47.5	165.8	13.4	186.8	200.2	217.8
June	213.6	402.4	621.5	415.8	634.9	47.7	166.0	13.4	188.8	202.2	219.1
July	214.2	406.0	626.7	422.5	643.2	47.9	166.3	16.5	191.8	208.3	220.7
Aug.	215.8	410.4	633.3	429.3	652.1	48.1	167.7	18.9	194.6	213.5	222.8
Sept.	217.5	414.5	639.7	435.4	660.6	48.3	169.2	20.9	197.1	217.9	225.2
Oct.	217.8	417.1	644.7	439.5	667.1	48.5	169.3	22.4	199.3	221.7	227.6
Nov.	218.6	420.0	650.0	443.8	673.8	48.8	169.9	23.8	201.3	225.2	230.0
Dec.	219.6	423.5	656.2	448.8	681.5	49.1	170.5	25.3	204.0	229.2	232.7
1971—Jan.	220.6	428.2	663.7	454.8	690.3	49.4	171.2	26.6	207.6	234.2	235.5
Feb.	222.5	434.7	673.2	462.4	700.9	49.8	172.7	27.7	212.3	239.9	238.4
Mar.	224.1	441.0	683.1	469.2	711.3	50.0	174.1	28.2	216.9	245.1	242.1
Apr.	225.9	445.7	691.7	473.6	719.6	50.4	175.4	27.9	219.8	247.7	246.0
May	228.3	450.7	700.4	479.0	728.7	50.7	177.6	28.3	222.4	250.7	249.7
June	229.8	454.8	707.8	483.8	736.9	51.0	178.8	29.1	225.0	254.0	253.0
July	230.9	457.1	713.6	487.1	743.6	51.5	179.4	30.0	226.2	256.2	256.5
Aug.	231.9	459.2	719.2	489.7	749.7	51.7	180.2	30.4	227.4	257.8	260.0
Sept.	232.5	461.6	725.0	492.5	755.9	51.9	180.5	30.9	229.1	260.0	263.5
Oct.	232.7	464.3	731.2	496.7	763.6	52.2	180.5	32.4	231.6	264.0	266.9
Nov.	233.3	468.1	738.2	500.8	771.0	52.3	180.9	32.8	234.8	267.6	270.1
Dec.	233.8	471.7	745.1	505.0	778.4	52.6	181.3	33.3	237.8	271.2	273.4
1972—Jan.	235.4	477.0	753.6	510.7	787.3	52.9	182.5	33.7	241.5	275.2	276.6
Feb.	237.3	481.9	762.0	516.3	796.4	53.3	184.1	34.4	244.5	278.9	280.1
Mar.	239.7	486.8	770.6	520.6	804.5	53.6	186.2	33.9	247.0	280.9	283.8
Apr.	241.4	490.4	777.7	525.1	812.4	53.8	187.6	34.7	249.0	283.7	287.3
May	242.2	493.8	784.3	529.6	820.1	54.1	188.2	35.8	251.6	287.4	290.6
June	243.3	498.0	792.1	534.6	828.8	54.3	188.9	36.7	254.7	291.3	294.2
July	245.4	502.6	801.0	540.0	838.4	54.7	190.7	37.4	257.2	294.6	298.4
Aug.	247.4	507.5	810.6	546.1	849.2	54.9	192.5	38.6	260.1	298.7	303.1
Sept.	249.4	512.1	819.8	551.5	859.1	55.4	194.0	39.4	262.7	302.1	307.7
Oct.	251.0	516.2	828.2	556.5	868.6	55.8	195.2	40.4	265.2	305.6	312.1
Nov.	252.5	520.0	836.1	562.3	878.4	56.3	196.1	42.4	267.5	309.8	316.1
Dec.	255.3	525.3	844.9	568.9	888.5	56.9	198.4	43.6	270.0	313.6	319.6
1973—Jan.	257.3	529.9	852.8	575.1	898.0	57.2	200.2	45.2	272.6	317.8	322.9
Feb.	257.8	532.6	858.2	582.1	907.6	57.5	200.2	49.4	274.9	324.3	325.6
Mar.	257.6	534.9	862.7	589.3	917.1	57.9	199.7	54.4	277.2	331.6	327.8
Apr.	259.0	538.4	868.4	596.1	926.2	58.6	200.5	57.7	279.4	337.1	330.0
May	261.9	543.7	876.4	603.0	935.7	58.8	203.0	59.3	281.9	341.1	332.6
June	264.1	548.2	883.8	608.8	944.4	59.3	204.8	60.6	284.1	344.7	335.6
July	265.0	550.9	888.6	613.4	951.1	59.5	205.5	62.5	285.9	348.4	337.7
Aug.	265.6	554.7	893.6	620.0	958.9	59.8	205.8	65.3	289.0	354.4	338.9
Sept.	265.3	556.8	897.3	622.8	963.3	60.2	205.0	66.1	291.5	357.6	340.5
Oct.	266.6	561.4	904.2	625.8	968.6	60.5	206.0	64.4	294.8	359.2	342.8
Nov.	268.9	566.6	912.1	630.1	975.5	61.0	207.9	63.5	297.7	361.2	345.4
Dec.	270.5	571.4	919.5	634.9	982.9	61.5	209.0	63.5	300.9	364.4	348.0
1974—Jan.	271.3	575.5	925.6	641.9	992.0	62.0	209.3	66.4	304.3	370.7	350.1
Feb.	272.6	580.5	932.5	648.7	1,000.7	62.7	210.0	68.2	307.9	376.1	352.0
Mar.	274.1	584.3	938.7	652.3	1,006.6	63.2	210.9	68.0	310.2	378.2	354.3
Apr.	275.5	588.2	944.0	662.2	1,018.0	63.9	211.6	73.9	312.7	386.7	355.8
May	276.2	590.2	946.6	668.3	1,024.7	64.3	211.9	78.1	314.0	392.1	356.4
June	277.7	594.4	952.0	675.7	1,033.3	64.6	213.1	81.3	316.7	398.0	357.6
July	278.9	597.9	957.0	681.6	1,040.6	64.8	214.1	83.6	319.1	402.7	359.1
Aug.	279.5	600.7	961.0	685.3	1,045.6	65.5	214.0	84.6	321.2	405.8	360.3
Sept.	279.8	602.5	964.3	687.3	1,049.2	65.9	213.9	84.8	322.7	407.5	361.9
Oct.	281.1	607.2	971.1	692.9	1,056.8	66.6	214.6	85.8	326.0	411.8	363.9
Nov.	282.5	610.5	976.9	696.4	1,062.8	67.4	215.1	86.0	328.0	414.0	366.4
Dec.	283.1	612.4	981.6	702.2	1,071.4	67.8	215.3	89.8	329.3	419.1	369.2
1975—Jan.	281.9	614.5	986.7	707.3	1,079.5	68.2	213.7	92.7	332.6	425.4	372.2
Feb.	281.9	618.2	994.0	710.2	1,086.1	68.7	213.2	92.1	336.2	428.3	375.9
Mar.	284.1	623.0	1,003.7	712.8	1,093.5	69.4	214.7	89.8	339.0	428.7	380.7
Apr.	284.9	626.7	1,012.7	715.1	1,101.1	69.5	215.4	88.4	341.8	430.1	386.0
May	287.6	633.7	1,025.3	718.8	1,110.4	70.2	217.4	85.1	346.1	431.2	391.6
June	291.0	642.4	1,040.2	726.5	1,124.3	71.0	220.0	84.1	351.4	435.5	397.8
July	291.9	647.5	1,051.6	729.6	1,133.7	71.3	220.6	82.1	355.5	437.6	404.1
Aug.	293.2	650.6	1,060.6	729.3	1,139.3	71.9	221.3	78.8	357.4	436.2	410.0
Sept.	293.6	652.9	1,068.1	731.9	1,147.1	72.0	221.6	79.1	359.2	438.3	415.2
Oct.	293.4	655.7	1,075.6	736.6	1,156.5	72.6	220.8	80.9	362.3	443.2	420.0
Nov.	295.7	661.6	1,086.0	743.4	1,167.7	73.4	222.3	81.8	365.9	447.6	424.4
Dec.	295.0	663.3	1,091.9	746.2	1,174.7	73.7	221.3	82.9	368.3	451.2	428.6

Money stock—Not seasonally adjusted

In billions of dollars (for footnotes see page 85)

Year and month	Over-all measures[1] M_1	M_2	M_3	M_4	M_5	Related data: Currency	Deposits at commercial banks: Demand: Total	Demand: Member	Demand: Domestic nonmember	Time and savings: CD's[2]	Time and savings: Other	Time and savings: Total	Nonbank thrift institutions[3]	U.S. Govt. deposits[4]
1970—Jan. . .	216.3	398.4	613.6	409.0	624.2	46.1	170.2	131.2	37.7	10.6	182.1	192.7	215.2	4.8
Feb. . .	207.4	389.8	604.5	400.4	615.1	45.9	161.5	124.5	35.7	10.6	182.4	193.0	214.8	7.1
Mar. .	209.0	393.5	609.7	404.9	621.1	46.3	162.7	125.7	35.6	11.4	184.5	195.9	216.2	6.9
Apr. . .	213.6	400.3	617.8	413.0	630.5	46.6	167.0	128.9	36.7	12.7	186.7	199.3	217.5	5.3
May. .	209.6	397.7	616.0	410.7	629.0	47.3	162.3	125.1	35.8	13.0	188.1	201.1	218.3	6.4
June. .	212.2	401.5	621.7	414.5	634.7	47.7	164.5	127.0	36.0	13.0	189.3	202.3	220.2	6.5
July. .	213.4	405.4	627.2	421.4	643.3	48.3	165.2	127.1	36.5	16.1	191.9	208.0	221.8	6.8
Aug. . .	213.2	407.7	630.4	427.0	649.6	48.3	164.9	126.8	36.5	19.2	194.6	213.8	222.7	7.1
Sept. . .	216.1	412.8	637.1	434.1	658.4	48.2	167.8	129.1	37.2	21.4	196.7	218.1	224.3	6.9
Oct. . .	217.6	416.6	643.0	439.7	666.0	48.5	169.1	130.0	37.6	23.1	199.0	222.0	226.4	6.2
Nov. . .	220.1	419.7	647.7	444.1	672.1	49.2	170.9	131.1	38.2	24.4	199.7	224.1	228.0	5.7
Dec. . .	225.8	428.1	659.1	453.8	684.7	50.0	175.8	135.0	39.2	25.7	202.4	228.1	230.9	7.3
1971—Jan. . .	226.2	433.2	668.0	460.0	694.8	49.1	177.0	135.7	39.8	26.8	207.0	233.8	234.8	6.8
Feb. . .	220.0	432.3	670.7	459.6	698.0	49.1	170.9	131.1	38.3	27.3	212.3	239.6	238.4	8.5
Mar. .	221.9	440.1	683.3	468.1	711.3	49.5	172.4	132.4	38.4	28.0	218.2	246.2	243.2	5.5
Apr. . .	227.1	448.5	696.3	475.6	723.4	50.1	177.0	135.8	39.7	27.1	221.4	248.5	247.8	5.6
May. .	224.4	448.4	699.4	475.8	726.8	50.5	173.9	133.2	39.1	27.4	224.0	251.4	251.0	8.0
June. .	228.4	454.1	709.0	482.4	737.2	51.0	177.4	135.8	40.0	28.3	225.7	254.0	254.8	5.5
July. .	230.6	456.9	715.0	486.2	744.3	51.9	178.7	136.4	40.7	29.3	226.4	255.6	258.1	7.0
Aug. .	229.2	456.5	716.3	487.5	747.3	51.9	177.3	135.0	40.7	31.0	227.3	258.3	259.8	7.0
Sept. .	231.0	459.7	722.1	491.6	754.0	51.9	179.1	136.0	41.4	31.9	228.7	260.6	262.4	7.7
Oct. . .	232.4	463.5	728.9	497.0	762.4	52.2	180.2	136.4	42.1	33.5	231.1	264.6	265.4	5.4
Nov. .	234.6	467.1	734.8	500.7	768.4	52.7	181.8	137.3	43.0	33.6	232.6	266.1	267.7	4.0
Dec. . .	240.4	476.4	747.7	510.2	781.5	53.5	186.9	141.1	44.1	33.8	236.0	269.8	271.3	6.9
1972—Jan. . .	240.9	481.8	757.6	515.5	791.3	52.5	188.4	142.3	44.6	33.7	240.9	274.6	275.8	7.4
Feb. . .	234.6	479.4	759.4	513.1	793.0	52.6	182.1	137.5	43.2	33.6	244.8	278.4	280.0	7.4
Mar. .	237.4	486.1	771.2	519.4	804.5	53.1	184.3	139.4	43.7	33.4	248.7	282.0	285.1	7.9
Apr. . .	242.8	493.6	783.0	527.3	816.7	53.5	189.3	143.0	45.1	33.7	250.9	284.5	289.4	7.7
May. .	238.1	491.8	784.0	526.7	818.9	53.9	184.2	138.8	44.3	34.9	253.7	288.6	292.2	10.5
June. .	241.9	497.7	794.1	533.5	829.8	54.4	187.5	141.0	45.4	35.8	255.8	291.5	296.4	6.9
July. .	245.3	502.6	803.1	539.4	839.8	55.1	190.3	142.7	46.4	36.8	257.3	294.0	300.4	7.3
Aug. .	244.5	504.5	807.5	544.0	847.1	55.1	189.5	141.7	46.8	39.5	260.0	299.5	303.0	5.3
Sept. .	247.8	509.5	816.1	550.5	857.0	55.3	192.5	143.6	47.9	41.0	261.8	302.7	306.5	6.0
Oct. . .	250.5	514.7	825.0	556.5	866.8	55.7	194.8	145.0	48.8	41.8	264.2	306.0	310.3	6.7
Nov. .	253.9	518.6	831.7	561.7	874.7	56.7	197.1	146.4	49.7	43.1	264.7	307.8	313.1	6.3
Dec. . .	262.7	530.3	847.4	574.5	891.6	57.9	204.8	152.1	51.4	44.2	267.6	311.8	317.0	7.4
1973—Jan. . .	263.2	535.2	856.9	580.1	901.8	56.8	206.4	152.4	51.6	44.9	272.0	316.9	321.7	8.1
Feb. . .	254.8	530.0	855.3	578.1	903.3	56.8	198.0	145.8	49.8	48.1	275.2	323.3	325.2	9.9
Mar. .	255.2	534.3	863.6	587.8	917.0	57.4	197.7	145.3	50.1	53.5	279.1	332.6	329.3	10.4
Apr. . .	260.5	542.2	874.7	598.2	930.7	58.3	202.3	148.5	51.6	56.0	281.6	337.6	332.5	8.3
May. .	257.5	541.7	876.2	600.1	934.6	58.7	198.8	145.3	51.1	58.4	284.3	342.7	334.5	8.7
June. .	263.1	548.5	886.7	607.8	946.0	59.4	203.7	148.7	52.4	59.3	285.3	344.7	338.2	7.1
July. .	265.2	551.2	891.3	612.9	953.1	60.0	205.2	149.2	53.2	61.8	286.0	347.8	340.2	6.5
Aug. .	262.6	551.5	890.3	619.3	958.2	60.0	202.5	147.4	52.7	67.8	288.9	356.7	338.9	4.1
Sept. .	263.5	553.8	893.0	622.8	962.0	60.1	203.4	147.8	53.3	69.0	290.3	359.3	339.2	5.3
Oct. . .	265.6	559.4	900.1	626.0	966.8	60.4	205.2	149.2	53.8	66.6	293.7	360.3	340.8	6.0
Nov. .	270.4	565.0	907.2	629.3	971.5	61.5	208.9	151.2	55.1	64.3	294.7	359.0	342.2	4.3
Dec. . .	278.3	576.5	921.8	640.5	985.8	62.7	215.7	156.5	56.3	64.0	298.2	362.2	345.3	6.3
1974—Jan. . .	276.9	580.5	929.3	646.3	995.1	61.6	215.3	155.8	56.6	65.8	303.6	369.4	348.8	8.1
Feb. . .	269.3	577.6	929.0	643.6	995.1	61.9	207.4	150.4	54.4	66.1	308.3	374.3	351.4	6.6
Mar. .	271.5	583.9	939.7	650.6	1,006.3	62.7	208.8	151.6	54.4	66.7	312.4	379.1	355.8	6.4
Apr. . .	277.0	592.3	950.8	664.1	1,022.6	63.5	213.5	154.8	56.0	71.8	315.3	387.1	358.5	6.0
May. .	271.6	588.3	946.6	665.5	1,023.8	64.1	207.4	150.2	54.6	77.2	316.7	393.9	358.3	7.6
June. .	277.0	595.3	955.8	674.9	1,035.4	64.8	212.2	152.7	55.9	79.6	318.3	397.9	360.5	6.1
July. .	279.0	598.2	960.1	681.0	1,042.9	65.3	213.7	153.8	56.2	82.8	319.2	402.0	361.8	5.4
Aug. .	276.4	597.5	957.8	684.6	1,044.9	65.7	210.7	151.7	55.8	87.1	321.1	408.2	360.3	4.0
Sept. .	278.0	599.3	959.7	688.1	1,048.5	65.8	212.2	152.7	56.3	88.7	321.3	410.1	360.4	5.5
Oct. . .	280.1	604.7	966.3	693.5	1,055.1	66.4	213.7	153.7	56.8	88.8	324.6	413.3	361.6	3.7
Nov. .	284.2	608.8	971.7	695.9	1,058.8	67.9	216.4	155.4	57.3	87.1	324.6	411.7	362.9	3.4
Dec. . .	291.3	617.5	983.8	708.0	1,074.3	69.0	222.2	159.7	58.5	90.5	326.3	416.7	366.3	4.9
1975—Jan. . .	287.7	619.5	990.3	711.4	1,082.2	67.8	219.9	158.2	58.2	91.9	331.9	423.8	370.8	4.0
Feb. . .	278.5	615.2	990.3	704.4	1,079.6	67.8	210.6	151.8	55.7	89.2	336.7	425.9	375.2	3.3
Mar. .	281.4	622.7	1,005.0	710.8	1,093.1	68.8	212.6	153.4	56.0	88.1	341.4	429.4	382.3	3.8
Apr. . .	286.5	631.1	1,020.0	716.9	1,105.8	69.1	217.4	156.9	57.4	85.8	344.6	430.4	388.9	4.0
May. .	282.9	631.9	1,025.7	716.0	1,109.8	70.0	212.9	153.4	56.6	84.1	349.1	433.2	393.8	4.1
June. .	290.3	643.5	1,044.5	725.8	1,126.8	71.2	219.1	157.2	58.9	82.3	353.2	435.5	401.0	4.2
July. .	292.1	647.8	1,055.0	729.1	1,136.3	71.9	220.3	157.9	59.4	81.3	355.7	436.9	407.2	3.4
Aug. .	290.0	647.2	1,057.1	728.4	1,138.3	72.1	217.8	155.8	59.0	81.1	357.3	438.4	409.9	2.7
Sept. .	291.7	649.5	1,062.8	732.2	1,145.5	71.9	219.9	157.0	59.7	82.7	357.7	440.5	413.3	3.9
Oct. . .	292.4	653.0	1,070.3	736.8	1,154.0	72.5	219.9	156.6	60.3	83.7	360.7	444.4	417.2	3.4
Nov. .	297.6	659.7	1,080.1	742.5	1,162.9	73.9	223.6	158.9	61.5	82.9	362.1	444.9	420.4	3.5
Dec. . .	303.4	668.4	1,093.6	751.8	1,177.1	75.0	228.4	162.1	62.9	83.5	365.0	448.4	425.2	4.2

Membership of the Board of Governors of the Federal Reserve System, 1913-76

APPOINTIVE MEMBERS[1]

Name	Federal Reserve district	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do.	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do.	Resigned July 21, 1918.
W. P. G. Harding	Atlanta	do.	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do.	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[3]
Edward H. Cunningham	Chicago	do.	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas	Kansas City	do.	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do.	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do.	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do.	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	Apr. 2, 1951	Reappointed for term beginning Feb. 1, 1956. Term expired Jan. 31, 1970.
A. L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson	Kansas City	do.	Reappointed for term beginning Feb. 1, 1964. Resigned Apr. 30, 1973.

For notes see opposite page.

Name	Federal Reserve district	Date of initial oath of office	Other dates and information relating to membership[2]
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed for term beginning Feb. 1, 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed for term beginning Feb. 1, 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	

CHAIRMEN[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916.
W. P. G. Harding	Aug. 10, 1916–Aug. 9, 1922.
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927.
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930.
Eugene Meyer	Sept. 16, 1930–May 10, 1933.
Eugene R. Black	May 19, 1933–Aug. 15, 1934.
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948.
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951.
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970.
Arthur F. Burns	Feb. 1, 1970–

VICE CHAIRMEN[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–

EX-OFFICIO MEMBERS[1]

SECRETARIES OF THE TREASURY

W. G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

COMPTROLLERS OF THE CURRENCY

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J. W. Pole	Nov. 21, 1928–Sept. 20, 1932
J. F. T. O'Connor	May 11, 1933–Feb. 1, 1936

[1] Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of 2, 4, 6, 8, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.

[2] Date after words "Resigned" and "Retired" denotes final day of service.

[3] Successor took office on this date.

[4] Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Statements to Congress

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance of the Committee on Banking, Currency, and Housing, U.S. House of Representatives, January 21, 1976.

I am pleased to have this opportunity to present the views of the Board of Governors on Title V of the committee's "Discussion Principles"—the part concerned with reorganization of the Federal Reserve System.

Let me, first of all, congratulate this committee, and Chairmen Reuss and St Germain in particular, for the leadership you have shown in undertaking what could become one of the historic studies in the field of regulation of financial institutions. Your committee's study, Financial Institutions and the Nation's Economy (FINE), has focused attention on areas that are of great importance to the economic health of our Nation. We at the Board of Governors stand ready to assist you in any way we can.

I am here to present the Board's views on proposals in your Discussion Principles that call for changes in the structure of the Federal Reserve System. These recommendations are far-reaching and, if adopted by the Congress, would fundamentally alter the character of the Federal Reserve. Consequently, it is important to examine the premises on which these recommendations are based before turning to an evaluation of specific suggestions for change.

The first premise is that the Federal Reserve is essentially a "bankers' bank" whose control rests largely in the hands of financial and industrial interests. The second premise is that the Federal Reserve is not sufficiently "responsive" to the needs of all elements of our society and that the System should be revamped to make it more "responsive."

I take strong issue with these premises. The first reflects a basic misconception of the Federal Reserve. The second, I believe, is simply an argument that there should be more political control over the monetary policy functions of the Federal Reserve. I do not think that such a radical revision of our longstanding concept of the proper status of a central bank would be in the public interest.

It is perfectly true, of course, that the Federal Reserve is, in some of its functions, a "bankers' bank." Indeed, the Congress created it for just that reason—that is, to serve as a source of liquidity for our Nation's banking system and to hold the reserves of member banks. The charge that this relationship results in "control" of the System by bankers, however, is erroneous. This premise appears to be based primarily on the fact that member banks own the stock of the Federal Reserve Banks and elect two-thirds of the directors of the Reserve Banks. At a later point, I shall address the proposals in the Discussion Principles relating to the ownership of Federal Reserve Bank stock and the election of Reserve Bank directors. For the present, I cannot be more emphatic when I say that the control of the Federal Reserve System resides firmly with the Board of Governors.

The members of the Board, having been appointed by the President and confirmed by the Senate, take with utmost seriousness their responsibility to serve the best interests of the American people. I know it is fashionable to charge Federal regulatory agencies with being "captives" of the industries that they regulate; but people who follow closely the activities of the Federal Reserve Board—particularly those who are aware of the feelings of members of the banking industry about many actions of the Board—should know that this charge is not applicable to the Federal Reserve.

The claim that the Federal Reserve is not "responsive" to all segments of American society requires careful analysis. I fear that "responsiveness," as that term is often used, is no more than a euphemism for susceptibility to control. Many who claim the System should be more "responsive" really mean that the Federal Reserve's judgments on monetary policy should be subject to some measure of political direction exercised in behalf of particular interest groups. Those who hold this view often tend to favor more and easier credit and are therefore generally opposed to the concept of an independent central bank.

There is a clear distinction, however, between being "responsive" to the demands of special interest groups and being sensitive to the needs of the various elements of our society. The Federal Reserve has been extremely sensitive to the impact its decisions may have on different segments of our society. The Board frequently must make very difficult judgments, however, and it is almost inevitable that our decisions will displease some or at times even many of our people. But this is no reason to initiate fundamental changes in the System. Some of the constructive effects of monetary policy take time to emerge, and it is therefore important to judge monetary policy over a broad time frame. The great virtue of an independent monetary authority is that it is able to make objective and informed judgments about these troublesome matters—free from the transitory pushes and pulls of the political process.

The Federal Reserve is, of course, a creation of the Congress. It is clearly within the power of the Congress to alter the legal basis of the Federal Reserve System and, if it so desires, to assume for itself more direct responsibilities for the day-to-day formulation of monetary policy. In considering such changes, however, I believe that members of the Congress will want to weigh carefully any action that would impair the objectivity of the Nation's monetary authority and its ability to make the difficult decisions necessary in formulating monetary policy.

One may differ with the Board's judgments on monetary policy matters, and one may even believe that the Congress erred in conferring such independence upon the Federal Reserve. But there should be no misunderstanding about the implication of the Discussion Principles: If the Congress now sees fit, after more than 60 years of experience, to abandon the concept of a truly independent central bank, then the Congress itself must be willing to assume both the burden and the responsibility of formulating monetary policy.

The Discussion Principles make several specific charges against the Federal Reserve that are apparently intended to support the basic premise that the System should be more "responsive." It is argued, for example, that monetary policy is shaped largely in secret. This charge apparently stems from the fact that discussions on monetary policy are held at closed sessions of the Board and of the Federal Open Market Committee. But this fact does not mean that the Federal Reserve is unaware of the views and needs of those who are affected by our decisions. During these meetings we consider in detail a broad range of information: the studies by our staff, comments from the Reserve Banks and their boards of directors, data and views submitted for our consideration by members of the Congress and other Government officials, opinions expressed by academicians, journalists, and representatives of various segments of the public—all of these are taken into account by members of the Board. Because of the sensitive nature of our discussions and the decisions that we must make, it is absolutely essential that these meetings be held in closed session. To do otherwise would be a disservice to the public interest, for premature disclosure of our discussions and decisions could severely disrupt financial markets.

It is Federal Reserve policy to disclose our decisions as quickly as possible. To this there is only one exception—the lag of 45 days in publishing the short-run targets of the Federal Open Market Committee. The basic purpose of this lag is to deny sophisticated market watchers an opportunity to gain undue advantage over an unwary public. Apart from this delay, decisions on changes in the discount rate, on bank reserve requirements, and on stock market margin requirements, also all regulatory rulings, are announced promptly by the Board—usually the same day that the actions are taken. Also, data on financial operations of the Federal Reserve, the conditions of member banks, the money supply, interest rates, and other financial variables, are released regularly and with great frequency. The Board submits regular and frequent reports to the Congress on economic and financial matters. Indeed, the detail in which financial data are published is greater than for any other central bank in the world.

The Discussion Principles also contend that congressional involvement in monetary policy decisions has been largely peripheral. Whatever may have been true in the past, this premise is certainly invalid today. In my experience at the Federal Reserve, the Congress has never been lax in exercising its oversight of the System or in providing us with its views. Only last year, the Congress revamped its oversight procedure with the adoption of House Concurrent Resolution 133, which this committee helped to draft. This resolution provides for four regular appearances by the Federal Reserve each year before the Banking Committees solely to discuss monetary policy. We take implementation of this resolution very seriously. I have already appeared before the Banking Committees on three occasions and expect to testify early next month before this committee in response to that resolution. I have found that these discussions add an important dimension to the Board's deliberations on monetary policy.

In addition to these appearances, we are frequently asked to testify on a wide range of financial subjects before this and other committees of the Congress, including the newly formed Senate and House Budget Committees. Last year, for example, I testified formally before the Congress on 17 separate occasions, and my colleagues on the Board appeared before congressional committees on 23 other occasions. I also have frequent meetings with members of the Congress to discuss questions of mutual concern, and the amount of correspondence we have with members of the Congress—not simply on constituents' inquiries but on fundamental policy issues—is voluminous. In other words, congressional involvement with the Federal Reserve is substantial and is taken very seriously by the Board.

Finally, it is claimed that the operation of the Federal Reserve is "incoherent" and that its present structure fails to pinpoint responsibility for monetary policy. I believe this charge reflects unfamiliarity with the structure and operation of the System. There is no uncertainty as to the responsibility for monetary policy judgments within the Federal Reserve. It rests ultimately with the seven members of the Board of Governors. Under existing law, the Board has exclusive responsibility for changes in reserve requirements, margin requirements, and banking regulations. Changes in the discount rate originate at the Reserve Banks but require explicit approval of the Board of Governors, and we examine every proposal for change with great care. Open market decisions are made by the Federal Open Market Committee (FOMC), which consists of the seven members of the Board of Governors and five Reserve Bank Presidents. The structure of the FOMC avoids complete centralization of monetary policy decisions in Washington, but the Board members are plainly in the majority on that body and the Chairman of the Board serves also as Chairman of the FOMC. Thus, far from being "incoherent," the operation of the System and the responsibility for decision-making within the System are clearly determined by the Federal Reserve Act itself.

A change in the basic structure of a government agency—such as proposed in the Discussion Principles—is justified only when some major defect has been discovered in its structure. This is not the case with the Federal Reserve. On the contrary, its structure has enabled it to serve the country well through the years, and there is no need to change it at the present time.

The Federal Reserve System, as you know, was established more than 60 years ago. If a fresh start were made, the Congress might devise a structure similar to what we now have or perhaps move in a quite different direction. Before I joined the Board of Governors in early 1970, I thought I saw all sorts of opportunities for change in the System. But I soon realized that the structure whose basic shape was devised by Woodrow Wilson, Carter Glass, and Robert Latham Owen worked quite well.

In establishing the Federal Reserve, the Congress deliberately decided that the national interest required that the central bank be insulated from political pressures stemming either from the Congress or the White House. The Congress, therefore, charged the Federal Reserve with broad responsibility to protect the Nation's money and to foster its effective use.

I want to turn now to certain specific suggestions that are set forth in the Discussion Principles for reorganizing the Federal Reserve System. Two features of this reorganization plan are fundamental, and I shall devote the greater part of my remaining testimony to them.

The first of these proposed changes is to strip the Federal Reserve of all responsibilities in the area of bank regulation and supervision. Under the proposed plan, the Federal Reserve would confine its activities mainly to the sphere of monetary policy. Its regulatory functions, apart from those involving the payments mechanism, would be transferred to a new body—the Federal Depository Institutions Commission.

In testimony before this committee last December, Governor Holland presented the Board's position on this proposed fundamental change. It is the Board's judgment that the Federal Reserve, as the Nation's central bank, must be closely involved in the processes of bank regulation and supervision. These processes inevitably have an impact on general economic and financial conditions. If the Federal Reserve played no part in this activity, there is a danger that monetary policies and regulatory policies could be working at cross purposes. For example, since the growth of loan commitments by banks has a significant bearing on the availability of bank credit to business firms, the Federal Reserve must watch closely the movements of these commitments. Such commitments could increase very sharply if bank supervisors paid little attention to them, and could force the Federal Reserve to pursue a more expansionary monetary policy than it would otherwise deem appropriate.

Now, more than ever, the Federal Reserve's role in formulating monetary policy and as lender of last resort interacts with its role as a bank supervisor and regulator. Each of these areas of public policy influences the effectiveness of the other. To separate them will weaken both.

The second fundamental change proposed by the Discussion Principles is to eliminate the separate status of the Federal Reserve Banks and to make them simply regional offices of the Board. The stock of the Federal Reserve Banks would be retired; their boards of directors would be eliminated; and the Reserve Bank Presidents would be appointed by the President, subject to Senate confirmation, and they would be paid the same salary as members of the Board of Governors. The role of the Reserve Banks in monetary policy would then be purely advisory. The Banks, in turn, would be advised by newly established advisory committees.

Retiring stock of the Federal Reserve Banks would accomplish little of practical importance. While this stock carries certain voting rights, it limits the holder to a statutory dividend, the amount of stock a member bank must own is fixed by law, and this stock cannot be transferred or encumbered. Thus, it is by no means the equivalent of stock in a private corporation. On balance, the Board believes that ownership of Reserve Bank stock is desirable because of the incentive it provides to members to take an interest in the operations and efficiency of the System.

The other changes proposed by the Discussion Principles would not only weaken the present machinery for developing monetary policy but would also introduce a political dimension into the selection of Federal Reserve Bank officials. Moreover, they would curb the strong impulses within the System to improve the efficiency of the Federal Reserve Banks and to keep down their operating costs.

The 269 Reserve Bank and branch directors who now serve the System are highly qualified citizens drawn from many walks of life and from all parts of the country. Some are bankers, as contemplated by law, others are industrialists, merchants, farmers, attorneys, university presidents, and professors. They are deeply interested in our country and its economic welfare. They devote a great deal of time to the System, keeping the officials of the Reserve Banks and the Board informed on a regular, systematic basis about actual and prospective developments in their businesses, their industries, and their communities. I seriously doubt that such devotion and energy would be evoked by mere participation in advisory committees such as proposed in the Discussion Principles. Service as a director of a Federal Reserve Bank carries with it both prestige and recognition of accomplishment, and this has proved to be a significant incentive in attracting some of America's finest citizens to the Federal Reserve System. This is a resource that should not be abandoned lightly.

Moreover, many of our directors are highly experienced managers, and they have been willing to put their managerial knowledge and skills at the System's disposal. The benefits are reflected in the sharp improvement of productivity in conducting System operations. The measurable output of the Federal Reserve Banks has approximately doubled in the past 8 years, with only a 40 per cent increase in System personnel. In fact, the total number of individuals employed by the System will be a little lower in 1976 than it was in 1974, despite a large increase in the measurable volume of Federal Reserve Bank operations.

The recommendations for selection and compensation of Reserve Bank Presidents would, if followed, significantly diminish the interest of many of the best qualified persons for these important positions, and they would also interject transitory political considerations into the selection process. Reserve Bank presidencies are career positions within the Federal Reserve System, and the ability to offer salaries somewhat comparable to those offered by private enterprise enables us to attract highly qualified people to the Reserve Banks.

Finally, removing the Reserve Bank Presidents from membership in the Federal Open Market Committee would reduce regional involvement in the shaping of our Nation's monetary policy. The Reserve Bank Presidents not only bring to the FOMC a degree of experience and insight that would be lacking in a purely centralized policy-making organization but they also are an important source of knowledge and informed opinion about regional interests and needs. There is a clear difference between an advisory role, as contemplated for the Reserve Bank Presidents by the Discussion Principles, and the role of a participant sharing responsibility for policy-making. Removal of the Presidents from the FOMC could have the effect of making the Federal Reserve more introspective and less sensitive to public concerns—a result opposite to that sought by the authors of the Discussion Principles.

Let me turn now to a matter that I mentioned earlier in my testimony—the selection of Federal Reserve Bank directors. In view of the concern that has been expressed that the Federal Reserve is "controlled" by banking and industrial interests, let me offer a suggestion that the Board views as one way of minimizing this misinterpretation.

Under the Federal Reserve Act, six of the nine directors at each Reserve Bank are elected by the member banks. Three of these directors are typically bankers—the Class A directors—while the other three—the Class B directors—must at the time of their election be actively engaged in commerce, agriculture, or some other industrial pursuit in their district.

The remaining three directors—the Class C directors—are appointed by the Board of Governors and are considered to be the public directors. The Board appoints the chairman and deputy chairman of each Reserve Bank from among the Class C directors. In other words, as presently constituted under the law, the Reserve Bank board of directors may be viewed as representing lenders (Class A), borrowers (Class B), and the public (Class C).

The Congress may wish to consider whether responsibility for selecting Class B directors should be shifted to the Board of Governors in Washington. At the same time the Congress might wish to specify that the boards of directors encompass a broader range of interests than is required under existing law.

This would mean that a majority of the directors at each Reserve Bank would be appointed by the Board in Washington and would represent, so to speak, the public. It would be appropriate to allow member banks to continue to elect bankers as directors, in light of the burden that member banks bear in the implementation of monetary policy and the maintenance of reserve requirements. Even here, however, there may be an opportunity for broadening the selection process. If the recommendation of the Discussion Principles for universal reserve requirements is adopted—and the Board strongly endorses this recommendation—the selection of Class A directors might be made by all member institutions that are required to maintain reserves with the Federal Reserve.

Let me now turn briefly to the remaining proposals.

The Discussion Principles recommend reduction of the number of Board members from 7 to 5 and a reduction in their term of office from 14 to 10 years. We believe that retaining a seven-member Board not only provides for a broader range of significant skills and experience but also helps to accomplish in an efficient way our ever-increasing workload. As to the length of term, we believe that the Congress has wisely recognized that a long term for Board members would strongly encourage independence of thought and decision. We see no reason to change that.

The Board has no basic objection to making the term of the Chairman coterminous with that of the President, but we would recommend a lag of 6 to 12 months between the inauguration of a new President and the expiration of the Chairman's term of office. In this way, a Chairman could be selected in a deliberative manner, apart from the political atmosphere that surrounds the selection of a new President's Cabinet. We also believe Senate confirmation of the Chairman would be appropriate.

Neither would the Board object to amending the Federal Reserve Act to make the Board explicitly responsible for helping to achieve the objectives of the Employment Act of 1946. We already accept the Employment Act as a guiding principle. If that Act were to be amended, however, we would suggest that the Congress also expressly declare general price stability to be an objective of national economic policy. The Federal Reserve and other Government agencies have interpreted the Employment Act to mean that a stable price level is an important objective of public policy, but the Act is less clear than it should be on this need. It would be useful to remove any doubts about our national commitment to a stable price level.

As to the matter of an annual economic report, we already do much of what is recommended in the Discussion Principles, and we stand ready to provide further reports that can be helpful to the Congress. However, the suggestion that the Board be required to adjust its monetary plans to the fiscal proposals of the President is seriously deficient in failing to take account of the new fiscal role of the Congress under the Budget Reform Act. In addition, this suggestion runs the risk of diminishing the Board's independence by requiring the conditioning of its plans to the President's budget.

On the audit question, the Board remains opposed to an audit by the General Accounting Office for the reasons presented to the Banking Committee in earlier testimony.

In summary, we believe firmly that it is in the public interest to retain the concept of an independent monetary authority, and we oppose efforts to politicize the functioning of the Federal Reserve System. We also believe that the procedure established by House Concurrent Resolution 133 offers an excellent means for promoting a continuing discussion of monetary policy matters between the Congress and the Federal Reserve. As I have noted, this procedure seems to be working well.

We see no compelling reasons to legislate fundamental changes in the Federal Reserve at this time because there is no evidence that the System has failed to function well with its present structure. However, the Board would have no objection to changing the method for selection of Class A and Class B directors and providing explicitly for a greater diversity of interests among directors. Nor would the Board object to charging the Federal Reserve with explicit responsibility to further the objectives of the Employment Act of 1946, or adjusting the term of the Chairman to conform roughly to that of the President, or requiring Senate confirmation of the Chairman.

Although the Board sees no difficulty with some of the recommendations in Title V of the Discussion Principles, we also see no clear or decisive need to adopt any of them. Indeed there are strong reasons, as I have indicated, for opposing the key premises of this title. The world's history is littered with the economic wreckage caused by political domination of the monetary function. Your predecessors in the Congress acted wisely in providing a design for the Federal Reserve that insulated it from politics. The Board urges you not to overturn a structure that has stood so well the test of time and experience.

I would again like to commend this committee for the thoughtful and careful approach you are taking in your continuing study of Financial Institutions and the Nation's Economy, and to indicate our desire to be as helpful as we possibly can in assisting you in your efforts. □

Statement by Robert C. Holland, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance of the Committee on Banking, Currency, and Housing, U.S. House of Representatives, January 22, 1976.

I am pleased to appear before this committee on behalf of the Board of Governors of the Federal Reserve System to discuss Title I of the FINE[1] "Discussion Principles" relating to depositary institutions.

In discussing the wide-ranging proposals of Title I, I think it might be most helpful to the committee if I summarize the Board's views, pointedly but rather briefly, and then stand prepared to answer any questions you might have. Some of these views are not supported by all members of the Board, but all are supported by a majority of the Board.

When I appeared before your committee last December to testify on Title IV relating to the regulatory agencies, I noted that your study wisely recognizes the interrelation of many segments of the Discussion Principles. The Board believes this interrelation is particularly significant in considering Title I relating to depositary institutions, and we support the opening statement of Title I that "A coordinated approach is needed to strengthen our depository institutions."

However, a coordinated approach does not necessarily mean that all such legislation has to be enacted at the same time. In our view there are measures, some of which I will refer to in the course of my testimony, that should be acted on promptly within a longer-run framework of legislative reform.

It has been the view of the Board of Governors that there should be coordinated changes in our financial system designed to serve four objectives: (1) increase competition; (2) improve the flexibility of financial institutions to respond to changing needs of individuals and businesses while (3) maintaining a base for effective monetary policy, and (4) preserving a sound and resilient financial system. Although we may differ in detail, we believe that Title I of the Discussion Principles provides a good framework for the type of comprehensive legislation required.

It must be recognized that powerful forces for change are at work within our financial system. Pressures of competition, technological advance, and customer demand for different and expanded services are bringing about many changes in the structure and operations of bank and nonbank institutions. The most effective role here for the Congress and the regulatory agencies is one of channeling and containing these developments within prudent limits.

For example, institutional changes already under way are blurring the distinction between demand deposits and time and savings accounts, as well as the distinction between commercial banks and other savings institutions. The public is holding an ever larger share of its immediate liquidity in interest-bearing deposit accounts. Commercial banks and thrift institutions are in direct competition for such balances.

On the other hand, during each period of relatively high market interest rates, there has been a shift of savings funds out of depositary institutions into money market instruments in order to maximize their earnings. Whenever

[1] Financial Institutions and the Nation's Economy.

Regulation Q imposes below-market-rate ceilings, this movement will undoubtedly re-emerge as individuals become ever more financially sophisticated.

For the sake of simple equity to savers, as well as practicality and efficiency, removal of such ceilings is a desirable goal. To be sure, existing rate ceilings could be rendered both ineffective and unnecessary by a sufficient decline in market interest rates. Absent such a major downward adjustment in market rates, however, deposit rate ceilings should only be removed in stages over a period of time, during which thrift institutions—and perhaps some small commercial banks as well—could diversify their investment portfolios appropriately.

ASSET AND LIABILITY POWERS OF THRIFT INSTITUTIONS

Proposals 2 (Sources of Funds), and 3 (Uses of Funds) in Title 1 of the FINE Discussion Principles provide a means for gradually dealing with this problem. We are in general agreement with these proposals for broadening the investment powers of thrift institutions. Such broader powers would allow them to invest in a mix of assets on which the return is more responsive to market interest rates. With more diversified asset holdings, thrift institutions in time would be in a better position to pay competitive rates to savers at times when market rates were rising, and problems of disintermediation would thereby be diminished. To this extent, there should be greater stability of flows of funds to thrift institutions, more stable flows of funds to housing finance, a more equitable return to the individual saver during periods of high interest rates, more alternative borrowing sources for consumers, and a broader range of instruments and loan terms available to consumers.

Although the Board supports expanded consumer lending powers (including the issuance of credit cards and the establishment of revolving lines of credit) and authority to invest in commercial paper, corporate debt, and bankers acceptances for thrift institutions, we believe that it would be preferable to provide for a gradual implementation of these powers. The Board is concerned that the proposed asset diversification could have an adverse impact on housing finance that might not be offset in timely fashion by other proposals in the Discussion Principles. Gradual transition authority would assure that diversification would not have a sudden impact on housing finances and would permit adjustments to be made to deal with any stresses that might result from the expanded powers; by the same token, of course, it would also prolong the transition period during which the thrift institutions are gaining competitive vitality.

Such a gradual implementation would be consistent with the proposed step-by-step approach to the removal of deposit interest rate ceilings. The Board supports the gradual phasing out of the authority to regulate time deposit interest rates. Because of the uncertainties of financial conditions in years ahead and because of the difficulties many institutions could experience in making the needed adjustment to competition to interest rates, we believe it would be wise to afford an opportunity for final review prior to the termination of this authority. We also believe it would be important to retain the authority to reimpose interest rate ceilings should a financial emergency arise.

The Board believes that the statutory prohibition against payment of interest on demand deposits should not be lifted forthwith. That prohibition is so deeply imbedded in the banking structure that the decision to remove it should be preceded by careful study of its possible consequences and suitable preparation for dealing with the resulting adjustments, and in any event such removal should be accomplished gradually.

The Board also agrees with the Discussion Principles' proposal to permit savings and loan associations and mutual savings banks to offer demand deposits and other third-party transfer arrangements, so long as careful attention is paid to competitive equality, particularly with reference to monetary reserve requirements and all other regulations applicable to deposit accounts at commercial banks.

The Board believes that a comparable expansion of the asset and liability powers of credit unions is an appropriate long-range goal. In our view, however, this increase in authority for credit unions should be programmed on a step-by-step basis so that there can be some assurance of a reasonably smooth and safe adjustment in their operations, and it should be subject to appropriate safeguards.

RELATIONSHIP TO THE FEDERAL RESERVE SYSTEM

Proposal 5 sets forth a recommendation for reserve requirements that is similar to one made by the Board to the Congress in our letter of June 26 to Chairmen Reuss and St Germain. We wholeheartedly approve of the Discussion Principles' statement that all Federally insured depositary institutions should be required to meet reserve requirements on their deposit liabilities and that all reserves should be held at the Federal Reserve.

The Board believes that the enactment of this principle into law would bolster the effectiveness of monetary policy by maintaining and even tightening the relationship between bank reserves and the Nation's deposits. The task of monetary policy is now complicated because shifts in deposits between member banks and nonmember institutions alter the relationship between reserves under the control of the Federal Reserve and total deposits, which constitute the major share of the Nation's money supply. More importantly, withdrawals from Federal Reserve membership are gradually reducing the share of the Nation's total money supply that is directly linked to monetary reserves. Management of money and credit would be made more effective if required reserves against all deposits were held either in balances at Reserve Banks or in vault cash, since such reserves would be immobilized and their total more readily regulated by Federal Reserve actions.

Equity among competing institutions also requires that all institutions offering similar deposit services be subject to similar reserve requirements, particularly with the deposit functions served by the various institutions being brought closer and closer together.

The Board believes that these changes should be enacted promptly. To cushion resulting adjustment, however, we favor the Discussion Principles' proposed 5-year transition for institutions that are not subject to reserve requirements of the Federal Reserve at the time of introduction of the legislation.

The Board also agrees that all depositary institutions required to meet reserve requirements of the Federal Reserve should have "direct, full and equitable access to Federal Reserve services, including the discount window and wire transfer system." The Board recommends that, in broadening access to the discount window, the Congress also provide for liberalization of the present collateral requirements. The law now precludes the use of some sound assets and collateral at our discount window except at a penalty interest rate one-half of 1 per cent above the discount rate. We believe it would be useful to remove that penalty provision and thus eliminate an indirect restriction on the portfolios of users of the discount window. For analogous reasons the Board is opposed to the proposal in the Discussion Principles that would bar the use of loans to foreign borrowers as collateral at the discount window. All sound assets should be available to help serve this important collateralization role.

COMPETITION

The Board is in general agreement with the philosophy of proposal 1 concerning chartering and proposal 9 concerning branching, namely, that there should be greater opportunity for the formation of new institutions and branches to provide needed financial services and enhance competitive vigor. In carrying out its responsibilities under existing law, particularly the Bank Holding Company Act, the Board has consistently stressed the importance of improving competition and preventing any undue concentration of banking resources that would tend to reduce competition.

We support the proposal that would permit Federal chartering of mutual savings banks. We also concur in the general principle that new depositary institutions would be chartered "if capital and other requirements," presumably requirements relating to safety and soundness, are met. The implication of this proposal is that sheltering of existing financial institutions from new competition should not be grounds for denial of a new charter. We are in agreement with this approach, so long as the new competition is fairly based. We believe, however, there should be authority to deny a new charter that might reduce competition, as a *de novo* charter to a holding company that already accounts for a major share of the relevant market.

The Board believes there are many instances in which branching across State lines could be procompetitive. However, the suggestion in proposal 9 that interstate branching be authorized if it is not inconsistent with State law would, in itself, probably not produce Federal branching across State lines any time soon. A roughly similar provision in the Bank Holding Company Act has in practice served to confine bank holding companies to acquisition of banks within the State of their home office.

We believe Federal legislation to permit branching across State lines should be confined at present to areas where there is a pressing competitive need or some other overriding public benefit to be gained. Such pressing need exists for the Board's proposal to Chairmen Reuss and St Germain of February 19, 1975, providing for limited bank holding company acquisitions across State lines in order to resolve possible large failing bank cases in a manner consistent with preserving competition. We strongly urge prompt action on H.R. 4008, which contains this proposal. Also in H.R. 4008 is the Board's requested authority to waive the 30-day waiting period for bank holding company acquisitions in emergencies or failing bank situations. This provision, too, is needed now, and it has the added distinction of having—so far as we know—no expressed opposition to its enactment.

The Board supports the objectives of proposal 10 to improve competitive equity and increase competition by extending trust powers to qualified savings and loan associations, mutual savings banks, and credit unions. We believe that such trust activities should be authorized, however, only upon a finding of the regulatory authority that the institution is sufficiently large and strong to support a trust department, and we would add the requirement that they also have qualified personnel.

Proposal 4, dealing with disclosure, also is directed at improving competition by providing depositors, borrowers, and investors with more information than they now receive. The Board agrees that adequate disclosure by financial institutions should be required in order to assist the public, but it believes such disclosure requirements should take into account the special characteristics of depositary institutions. In particular, disclosure should not impose reporting burdens disproportionate to the usefulness of the information, and it should guard against misinterpretation or "scare" effects to which banks and other depositary institutions are particularly vulnerable because so many of their liabilities are withdrawable at a moment's notice. Given these considerations, we conclude that the details of additional disclosure requirements are best developed by the appropriate regulatory agencies, in consultation with individuals and organizations affected. Indeed, the Securities and Exchange Commission and the Federal bank regulatory agencies are presently hard at work on this very task.

Appropriate public disclosure of the general financial condition of depositary institutions is desirable not only because it furthers competition but also because of the market discipline it imposes on the management of those institutions. Some reinforcement of existing regulatory discipline on the management of these institutions is also needed, as we see it. Accordingly, the Board urges the Congress to give prompt consideration to the joint recommendations of the Board, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency submitted to the committee on September 5, 1975, all designed to help prevent or correct problem situations. These recommendations include provision of civil penalties for several violations where only criminal penalties now exist, broadening the coverage of insider lending limitations, simplifying and making more effective the officer removal authority, and authorizing, under certain limited circumstances and subject to procedural safeguards, divestiture or termination of a nonbanking activity by a bank holding company.

OTHER PROPOSALS

The Board supports the principle of proposal 8 (Taxation) that as a matter of competitive equity depositary institutions with similar asset and liability powers should be subject to the same Federal tax treatment.

Proposal 11 provides that banks be permitted to engage in the underwriting of State and municipal revenue bonds, but that the present prohibitions on underwriting of corporate securities be retained.

Over the past two decades or so there have been a number of bills introduced in the Congress to authorize bank underwriting and dealing in revenue bonds. During this period numerous arguments have been advanced both for and against this proposal. The favorable arguments generally focus on the benefits expected to accrue to governmental units in the form of lower interest costs and improved market efficiency, while the opposing arguments center on potential conflicts of interest and risks of market concentration. The Board, on a number of occasions, has reviewed the question of extending bank underwriting privileges to municipal revenue bonds of investment-grade quality, and since 1967 has consistently voiced its belief that the public benefits of such action outweigh any potential risks. In view of recent developments in the municipal securities markets, however, the Board would wish to make a fresh study of the situation before reaffirming its previous position on this matter.

Finally, the Board agrees with proposal 12 that the Congress await the report from the National Commission on Electronic Funds Transfers before legislating further in the area of new payment mechanisms.

I wish to thank you, Mr. Chairman, and the members of your committee for this opportunity to express the Board's views on the proposals of Title I of the Discussion Principles. As always, my colleagues on the Board and I stand ready to be of whatever assistance we can in the important work of this committee. □

Statement by Philip C. Jackson, Jr., Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance of the House Committee on Banking, Currency, and Housing, U.S. House of Representatives, January 22, 1976.

Thank you for the opportunity to appear on behalf of the Board of Governors to take part in the hearings on your committee's consideration of possible reforms in the structure and performance of the Nation's financial institutions. Our comments on the implications for the residential mortgage and real estate markets of Title II of the FINE[1] "Discussion Principles" will build on the testimony presented earlier today by Governor Holland on Title I dealing with depositary institutions.

Before going into the details of the Discussion Principles, I would like to make two general points. The first is that inflation continues to be the chief enemy of the mortgage and housing markets in our country. Inflation not only increases the cost of financing but it also disrupts the supply of funds. It not only escalates the price of homes but it may also reduce the income, after allowing for other necessary expenses, which consumers have available to acquire new or better housing accommodations. Unless the forces of inflation can be contained, it is doubtful that any financial restructuring could produce a mortgage market that will appropriately meet the housing needs of the American public.

The second general point is that in recent years the private sources of home mortgage credit have become concentrated in the nonbank thrift institutions. These particular lenders traditionally borrow short and lend long and thus are highly vulnerable to the effects of inflation and variations in general credit conditions. In 1960 thrift institutions held approximately 52 per cent of home mortgages outstanding. By June 30, 1975, this proportion had grown to 60 per cent. In contrast, life insurance compa-

[1]Financial Institutions and the Nation's Economy.

nies dropped during this same period from 18 per cent to 5 per cent. Commercial banks, on the other hand, increased their share from 14 per cent to 18 per cent. Federal credit agencies and mortgage pools grew from 5 per cent in 1960 to 12 per cent in mid-1975.

This trend was confirmed in 1975 by the volume of new home loans extended. Over the first three quarters of last year, savings and loan associations and mutual savings banks together accounted for 61 per cent of total long-term home mortgage acquisitions. In comparison, commercial banks supplied 15 per cent, with Federal credit agencies and related mortgage pools accounting for nearly all of the balance. No other source of savings capital made a significant contribution to the home mortgage market.

When we consider the problem of inflation as well as the concentration of housing credit in institutions with volatile inflows of funds, it is small wonder that home buyers have been plagued not only by volatility in the price of mortgage money but also by a periodic scarcity of money at any price. There are two overriding considerations, then, that should be kept in mind insofar as housing finance is concerned. One is the need to further dampen the inflationary forces in our economy that contribute to such erratic fluctuations in both the demand for and the supply of housing credit. The other is to broaden and strengthen the sources of funds available to finance housing at a variety of investment outlets.

The expansion of investment powers of the nonbank thrift institutions and the removal of ceilings on deposit rates—as proposed in Title I of the Discussion Principles—would make for greater stability in the operations of savings and loan associations and savings banks and would produce a more even flow of mortgage funds from them. Even though the proposed expansion of deposit powers at thrift institutions may well encourage a larger share of total savings to be funneled through them, it is uncertain whether there might be some decline over the longer run in the supply of mortgage funds at institutions that become more diversified. The result may be that the cost of mortgage credit would rise relative to yields on other investments. In that event, other types of lenders would be encouraged to move more funds into mortgages. This shift would lessen upward mortgage rate pressures to some degree and help to reduce short-run fluctuations in the cost and availability of mortgage credit in the future.

Some of the FINE Study proposals in Title II are designed primarily to moderate the possible impact of more competitive pricing on mortgage borrowers. As these proposals are considered, it is well to remember that similar measures are already in effect in other forms. Of these, the principal one is our system of Government mortgage insurance and guaranty through the Federal Housing Administration and the Veterans Administration. Such programs make mortgage terms more advantageous for borrowers by pledging the faith and credit of the Government in addition to that of the home buyer who is seeking funds.

The Federal Home Loan Bank Board (FHLBB) loan proposal in Title II is similar to the Government National Mortgage Association (GNMA) tandem plan now in operation. To this extent, the proposal would essentially duplicate an existing program, which provides below-market interest rates to home buyers and utilizes a Government-related source of funds. It is not clear from the Discussion Principles whether the proposed new role for the Federal Home Loan Bank Board would eliminate the authority of the Federal home loan banks to make advances to thrift institutions in order to cover either takedowns of earlier mortgage commitments, or deposit withdrawals, in the event of unexpected reversals in their over-all flows of funds. In our view, such advances would still be needed, at least on a transitional basis, so as to provide necessary flexibility to this class of depositary institutions. Although the FINE Discussion Principles would allow depositary institutions access to the Federal Reserve discount window, discount borrowings have traditionally taken the form of very short-term credit designed primarily to cover temporary reserve deficiencies. Thus the discount window operation would not duplicate the FHLBB medium-term advance program now in effect.

The proposed mortgage-interest tax credit and the mortgage reserve credit features of the Discussion Principles would undoubtedly be of some help in ameliorating any adverse impacts on consumers of more competitive pricing of mortgage money. Yet the degree to which they might do so is unclear. A progressive mortgage-interest tax credit would probably offer only a relatively modest investment incentive for commercial banks and insurance companies. Neither type of credit would encourage pension funds to invest in mortgages.

Moreover, it is uncertain how much of the benefits from these plans would be passed through to lower-income consumers. If applied retroactively, the tax credit and reserve credit plans would obviously provide windfall gains to lenders on mortgages already held in their portfolios—benefits that would apparently not be transmitted to any lower-income households that had borrowed before the programs began.

The proposals in Title I would encourage more diversification by financial institutions that are now specialized. In contrast, the incentive programs in Title II would encourage specialization in one type of asset, typically with long maturity and limited marketability. It is even possible that the progressive tax credit proposal might lead to a concentration of low- and moderate-income mortgages in a relatively small number of lending institutions.

The proposed mortgage reserve credit plan to aid low- and moderate-income housing raises a number of important additional issues that I would like to summarize:

—The institution of a reserve credit plan would set an unwise precedent for extending similar preferential treatment to holdings of other types of assets deemed to be of pressing social merit. The list of favored credit instruments of this type could become longer as time passed, thus diluting the initial advantage enjoyed by qualifying mortgages, and tending to segment private credit markets even further.

—A reserve credit on one type of instrument—such as a mortgage—would encourage financial institutions to change the form of their lending simply to take advantage of this kind of subsidy. To that extent, the mortgage reserve credit would not stimulate more housing investment. Lenders would have an incentive, for example, to offer loans secured by real estate in lieu of consumer loans to be used for nonhousing purposes.

—The mortgage reserve credit plan would affect the pricing of qualifying mortgage assets and could accordingly limit their marketability. On a given mortgage loan, a reserve credit—particularly when accompanied by a mortgage-interest tax credit—would produce a different effective yield at depositary institutions holding different proportions of assets in qualifying mortgages relative to their deposits. A yield distinction would also exist between institutions qualifying for the credits and those, such as pension funds, that do not. To the extent that these yield differentials would prevail, depositary institutions would either have to take lower profits or larger losses than they otherwise would be obliged to absorb on the sale of loans to nondepositary purchasers, and would thus be discouraged from broadening the secondary market for such loans.

—The mortgage reserve credit plan would require lenders to identify loans on "low- and moderate-income housing" held in their portfolios. This ongoing identification process would be difficult, particularly since qualifying characteristics of borrowers, properties, and even neighborhoods can change either up or down over the life of a given loan.

Of greater importance, a mortgage reserve credit would pose a more fundamental problem for the monetary authorities. The mortgage reserve credit plan would weaken the capacity of the Federal Reserve to control the growth of reserves at depositary institutions in order to maintain a rate of expansion in the monetary aggregates consistent with the needs of our economy. Federal Reserve decisions would be complicated by the addition of a new element to the already complex relationship between the reserve base and the money stock. This new element—stemming from the asset side of lender balance sheets rather than the liability side—would require the Federal Reserve for the first time to predict changes in holdings of qualifying mortgage assets by a large number of diverse types of commercial banks, savings banks, savings and loan associations, and credit unions.

To the degree that the proposed financial market reorganization resulted in higher average mortgage borrowing costs over the long run, low- and moderate-income households would be affected the most. For these consumers, the cost of shelter, along with other basic necessities, usually absorbs a relatively large portion of their income. In that case, considering the imperfections of both the mortgage-interest tax credit and the mortgage reserve credit approaches, one or more alternative methods of housing assistance may be regarded as desirable for low- and moderate-income groups.

In addition to the FHA, VA, and GNMA mortgage credit programs, an elaborate system of other Federal housing aids is currently in place. Many of these plans already provide some support, directly or indirectly, to lower-income households. Altogether, Federal aid to housing takes such varied forms as tax incentives to homeowners, landlords, and builders; cash subsidy programs to produce new and substantially rehabilitated housing; secondary mortgage market support; and direct lending. Given the complexities of the present system, now may be an appropriate time for the Congress to evaluate its over-all cost and benefits and the interrelationships among the various forms of subsidy, before proposing any further significant change.

Even in the absence of a comprehensive review of this sort, there are several ways in which Federal assistance to homeownership could be directed at the lower-income portion of our population where the need is greatest. Unfortunately, portions of our present system now apply the largest subsidy to consumers most able to pay without public assistance.

One possibility would be to revise the present system of income tax deduction for mortgage interest and real property taxes so as to allocate tax benefits more heavily toward the lower end of the income scale. Another possibility would be to provide periodic supplements to the income of lower-income households. Both of these approaches have the advantage of directly assisting those least able to pay, rather than doing so indirectly through incentives to financial institutions.

In conclusion, the Board of Governors believes that the restructuring of depositary institutions proposed in Title I of the FINE Discussion Principles may well hold the possibility of greater stability for our specialized depositary institutions and ultimately for the mortgage and housing markets. If the Congress should decide that additional support is necessary for low- and moderate-income housing over the longer run, the Board believes that direct aid to qualified home buyers and renters is a more efficient use of public resources than programs designed to reduce the cost of housing credit through subsidies to lenders. □

Statement by George W. Mitchell, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, January 28, 1976.

I am pleased to appear before this subcommittee, on behalf of the Board of Governors of the Federal Reserve System, to discuss the Board's reasons for recommending the enactment of legislation providing for the Federal regulation and supervision of foreign bank operations in the United States.

Banking has increasingly become a multinational business in recent years in keeping with the growth in international trade and investment. (U.S. exports and imports combined are estimated to have exceeded 13.6 per cent of U.S. gross national product in 1975, compared to approximately 8.4 per cent of U.S. GNP in 1971.) That development has been reflected in the expanded operations of U.S. banks abroad. Another aspect of this development has been the growing number of foreign banks establishing offices in this country to conduct both international and domestic banking activities. In February 1973 the Board established a System Steering Committee on International Banking Regulation composed of some members of the Board and some Presidents of the Federal Reserve Banks; part of that committee's assignment was to review the regulatory policy issues associated with the influx and rapidly expanding activities of foreign banks in the United States. As a result of that review, the Board has concluded that the scale and nature of foreign bank operations in this country have become significant in terms of competition within the banking industry and of the functioning of money and credit markets and that, therefore, the time has come for the establishment of a national policy on foreign banks operating in the United States and for the creation of a system of Federal regulation, supervision, and examination of those operations.

To accomplish these objectives, the Board has submitted to the Congress legislative proposals for regulating foreign bank operations in the United States under the title of the "Foreign Bank Act of 1975." These legislative proposals were introduced in the Senate at the Board's request as S. 958—the subject of today's hearings. I would like to discuss the legislation embodied in S. 958 by first focusing in more detail on the reasons that have led the Board to conclude that such legislation is necessary at this time and by next describing briefly the major points of the Board's legislation. I will conclude my statement by setting forth additional Board recommendations on other regulatory issues not covered in S. 958 that the Board believes the Congress should consider in enacting legislation on foreign bank operations in this country.

REASONS FOR FEDERAL REGULATION OF FOREIGN BANK OPERATIONS

There are three basic reasons that have led the Board to conclude that it is appropriate at this time to move toward a system of Federal regulation of foreign bank operations in the United States. First, and most tangible, is the rapid rate of growth that foreign bank operations in this country have undergone over recent years and their increasing importance to the functioning of domestic money and credit markets as well as to international flows of funds. Second, the present patchwork system of State and Federal regulation has resulted in illogical differences in the regulatory treatment of domestic and foreign banks. While difficult to quantify, certain competitive advantages and disadvantages for foreign banks vis-a-vis domestic banks have occurred as a result of these differences. And finally, international banking operations are best conducted in a reasonably certain regulatory environment that fosters long-range planning and development. Federal legislation standardizing the national treatment of foreign banks in the United States not only would make for a stable regulatory environment in this country but, since U.S. banks are leaders in international banking around the world, it would also facilitate cooperation between national banking authorities, contribute to an emerging pattern by which foreign banking authorities could be guided in the treatment of banking interests originating outside their countries, and promote the development of international standards of banking soundness and competition.

GROWTH OF FOREIGN BANK OPERATIONS IN THE UNITED STATES

I will confine my comments this morning to summarizing what I believe to be the most important features of the recent growth of foreign bank operations in this country. In this regard, I am submitting for the record an appendix prepared by the Board's staff that provides detailed statistical information on the size and growth of the U.S. activities of foreign banks.[1]

As of September 1975, there were 181 U.S. banking institutions—defined to include agencies, branches, subsidiary banks, and New York investment companies—owned by foreign banks as compared to 104 in November 1972, and their total assets have more than doubled from $24 billion in November 1972 to $56 billion in September 1975. If clearing transactions and transactions with other offices of their

[1] Available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

parent banks are eliminated, their "standard" banking assets—defined as loans, money market assets, securities, and miscellaneous assets—increased from $18 billion in November 1972 to $41 billion in September 1975.

The data on the over-all growth of these institutions, while impressive, does not adequately portray the increasing importance of their impact on specific U.S. banking activities. For example, in September 1975 the U.S. offices of foreign banking organizations held $23 billion in total commercial and industrial loans, an amount equivalent to about one-fifth of such loans held by large banks that report weekly to the Federal Reserve. As recently as November 1972 their share in this important U.S. credit market was only one-eighth.

A second important activity of the U.S. offices of foreign banks is their money market transactions. In September 1975 U.S. offices of foreign banks had money market assets of more than $12 billion, more than one-half of which represented loans to and deposits with U.S. banks. Included in this total are loans and deposits of $3.1 billion placed with U.S. banks by the U.S. offices of banks from continental Europe. The U.S. interbank market serves these banking institutions as a convenient outlet for managing the dollar balances of their parent organizations.

U.S. offices of foreign banks also had substantial money market liabilities totaling $11.7 billion as of September 1975. Of this total, $6.6 billion, or more than one-half, represents interbank borrowings by U.S. offices of Japanese banks, which use the U.S. interbank market as an important source of funds to finance their U.S. operations. The U.S. offices of banks from countries other than Japan do not rely on U.S. banks as a continuing net source of funds although they utilize borrowings from U.S. banks as a source of liquidity when needed.

The important point to note from this brief discussion of the extensive transactions of the U.S. offices of foreign banks in U.S. money markets is that these transactions closely link the U.S. activities of foreign banks with domestic U.S. money and credit markets.

In addition to their U.S. lending and money market activities, foreign banking offices engage in substantial international transactions with offices of their parent banking institutions as well as with unrelated foreign institutions. For example, as of September 1975 their gross claims on foreigners were $16 billion and their gross liabilities to foreigners were $25 billion. Included in these figures were net advances of $8 billion from their related institutions outside the United States, which advances are, in effect, used to finance their U.S. banking activities.

Thus, it should be clear from this summary data that the size and growth of these operations, their impact on important credit and financial markets in the United States, and their influence on the international payments position of the United States are matters of national import. Furthermore, the size and character of these operations require that they be supervised and regulated in a manner consistent with the supervision and regulation of domestic banks.

CURRENT REGULATION OF FOREIGN BANKS

Let me turn now to the current regulatory environment structuring foreign bank operations in the United States and how this has led to certain differences in the regulatory treatment of domestic and foreign banks. I think the central point to be made is that foreign banks are now almost exclusively subject to State regulation, with little or no Federal control.

If a foreign bank conducts its commercial banking activities in the United States exclusively through branch and agency forms of organization, it is currently not subject to any Federal regulation, supervision, or examination. Since foreign banks conduct the majority of their operations through these forms of organization, the present system unaccountably exempts from Federal oversight those operations that have the greatest potential for affecting our Nation's economy and its major financial markets.

The principal regulatory advantages for a foreign bank in operating through branch and agency forms of organization are the following:

1. Branches and agencies are not legally subject to any of the reserve requirements or

other regulations affecting monetary policy that are placed on the operations of their primary competitors—large national and State member banks in our major financial markets;

2. Branches and agencies are not subject to any Federal restrictions on multi-State banking and thus can be established in any State that permits entry, even if a foreign bank has a State or Federally chartered subsidiary bank in another State (44 foreign banks have commercial banking operations in more than one State);

3. A foreign bank maintaining only branches and agencies is not subject to the prohibitions of the Glass-Steagall Act and thus can maintain those banking operations and at the same time have an interest in a securities firm in the United States (20 foreign banks with commercial banking operations in the United States have interests in U.S. broker-dealers);

4. A foreign bank maintaining only branches and agencies is not subject to the Bank Holding Company Act of 1956, as amended, and thus can engage directly or indirectly in the United States in any type of nonbanking activities and can invest in any U.S. commercial firm, so long as it has the power to do so under the laws of its home country; and

5. Branches and agencies are not subject to any Federal bank examination, regulation, or supervision of the type carried out by the Comptroller of the Currency, the Board, or the Federal Deposit Insurance Corporation (FDIC).

The current regulatory framework has, however, also imposed certain artificial or outmoded restraints on foreign bank entry into the United States. For example, foreign banks cannot organize Edge Act corporation subsidiaries that enable large U.S. banks to conduct international banking and financing operations in several cities that serve as centers of international trade financing. This prohibition, which was originally enacted in 1919 amidst fears of foreign domination of U.S. trade financing, no longer serves the national interest as our banks have since that time developed into strong and efficient competitors in international and foreign banking. Thus, that prohibition today can only function to preclude additional competition in some banking markets.

The provision in the National Bank Act that requires all directors of national banks to be citizens has been a factor influencing many foreign banks to organize State subsidiaries. The lack of any provision in Federal law for the establishment of Federal branches is in sharp contrast to the situation in most foreign countries, where foreign banks establish branches approved by the national government. (As of September 1975, there were 751 branches of our banks abroad.) U.S. regulatory policy should encourage foreign banks to opt for national rather than State subsidiaries and branches because those options would avoid problems of reciprocity between individual States and foreign governments and would afford greater Federal control over the U.S. operations of foreign banks.

Finally, the lack of availability of FDIC insurance for deposits and credit balance accounts at branches and agencies has proven a disadvantage in competing in retail banking markets but may give a cost advantage to foreign banks, because U.S. banks must meet FDIC assessments on similar liabilities.

The current pattern of State regulation may also, in some cases, lead to anticompetitive and other results not in the national interest. For example, a foreign bank may not be able to enter a U.S. banking market because of State law restrictions. This situation could in some cases prevent a domestic bank from that State from entering a foreign bank's home country if the home country imposes a reciprocity requirement. The net effect of such a situation is a reduction in U.S. banking competition and a potential impediment to the foreign commerce of the United States. Such situations might also involve important foreign policy considerations between the United States and the home country. Clearly, a national policy and national regulatory system are needed so questions of reciprocity, as well as other matters of national interest, can be judged on a national, not local, level.

The United States is virtually the only country that does not have central bank control over the activities of foreign banks within its borders. This situation creates a gap in the Federal Reserve's control over domestic monetary conditions that will inevitably widen and increase in importance as foreign banks' activities continue to grow.

MAJOR POINTS OF BOARD'S PROPOSAL

I would now like to highlight briefly the major points of the Board's proposed legislation.

In the Board's judgment, two basic policy goals are embodied in the legislation proposed in S. 958. The first goal is the adoption by the Federal Government of the principle of national treatment, or nondiscrimination, toward the operations of foreign banks in this country. Second is the goal of establishing a comprehensive system of Federal supervision, regulation, and examination of foreign bank operations in the United States in order to implement the principle of national treatment and to provide a framework for regulating the U.S. activities of foreign banks in view of their impact on the Nation's money and credit markets.

The legislation embodied in S. 958 seeks to implement the policy of national treatment by amending U.S. banking laws to provide foreign banks with the same opportunities to conduct activities in this country as are available to domestic institutions and by subjecting them to the same rules and regulations. Thus, the citizenship requirements for directors of national banks are relaxed in order to give foreign banks a real choice in deciding whether to establish a national or State subsidiary (Section 12); foreign banks are given the opportunity to establish Federal as well as State branches (Section 18); the Edge Act is amended to permit foreign banks, with Board approval, to acquire Edge Act corporation subsidiaries (Section 10); and it is recommended that the FDIC Act be amended in order to permit branches and agencies to obtain insurance on their deposit and credit balance accounts in the United States (Section 17).

The legislation proposed in S. 958 also closes Federal regulatory gaps by amending the definition of "bank" in the Bank Holding Company Act to include branches and agencies of foreign banks (Section 2(4)), and by making other amendments to that Act designed to ensure that branches and agencies of foreign banks are treated the same as any U.S. banking organization with similar commercial banking powers (Sections 2–4). As a result, all branches and agencies would have to become insured banks; additional branches and agencies could only be established with Board approval and subject to Board analysis of financial, managerial, competitive, and convenience and needs considerations; branches and agencies could not be established outside of a foreign bank's State of principal banking operations unless a State bank headquartered in its State of principal operations could also establish such offices; the parent foreign bank would in its U.S. activities be subject to all of the nonbanking prohibitions of the Bank Holding Company Act; and, lastly, the parent foreign bank and its nonbanking subsidiaries would in their U.S. activities be subject to the Board's cease-and-desist authority for unsafe and unsound practices.

Any branch, agency, or incorporated subsidiary bank of a foreign bank with worldwide bank assets in excess of $500 million would also be required by Section 3(3) of S. 958 to become a member of the Federal Reserve System and would thus become subject to the same kind of Federal monetary and Federal bank examination, regulatory, and supervisory controls that apply to other member banks. In addition, as member banks, such branches, agencies, and subsidiaries would become subject to the prohibitions of the Glass-Steagall Act and, as insured banks, would become subject to the provisions of the Bank Merger Act, Financial Institutions Supervisory Act of 1966, as amended, and other provisions of the FDIC Act.

S. 958 creates a comprehensive system of Federal regulation of foreign bank operations not only through various amendments to U.S. banking laws but also through the establishment of a Federal licensing procedure on future entry (Section 25). This procedure would give the Federal Government the opportunity to consider national interest and foreign policy factors in foreign bank entry, as well as the banking factors that will be considered by the bank regulatory agencies. This Federal role in entry will serve to facilitate greater cooperation among international bank regulatory authorities and will strengthen the ability of the national Government to obtain national treatment for U.S. banking institutions abroad.

In addition, I would like to emphasize that the legislation embodied in S. 958 does not undertake to supplant State regulation or remove options for State chartering or licensing. Rather, it seeks to superimpose Federal controls on foreign bank operations in those areas where the Congress has already subjected domestic banks to national regulation, such as the Bank Holding Company Act, or where foreign bank activities involve matters of national interest that are clearly the responsibility of the Federal Government, such as the effect of their operations on national money and credit markets.

GRANDFATHERING OF EXISTING OPERATIONS

An important policy issue that must be considered in subjecting foreign banks to the Federal multi-State banking and nonbanking restrictions currently imposed on domestic banking organizations is the extent to which the Congress should afford foreign banks "grandfather" privileges for existing operations that do not currently conform to those domestic standards.

In Sections 3 and 4 of S. 958, the Board has recommended permanent grandfathering for all nonconforming banking and nonbanking operations (including securities operations) established by foreign banks on or before the original date of introduction of the Board's proposal in the Congress—December 3, 1974. Nonconforming multi-State banking operations established after that date but before enactment would have to be phased out in 2 years; nonbanking operations commenced in that interval would have to be phased out over 10 years.

The Board strongly believes that permanent grandfathering of long-standing foreign bank operations in this country is needed in order to minimize any possible retaliation against U.S. banks abroad. This opinion is based primarily on Board members' discussions with foreign central and commercial banks and U.S. banks with significant operations overseas. Since the overseas operations of U.S. banks are about three times as large in terms of assets as those of foreign banks in the United States (as of September 1975, 126 U.S. banks operated 751 foreign branches in more than 90 foreign countries with total assets of about $135 billion), it is obvious that our banking system and its U.S. banking customers would be a net loser in any possible retaliatory efforts.

Aside from such considerations, however, the Board also strongly believes that a failure to permanently grandfather existing operations would be unduly harsh in light of the grandfather privileges previously extended U.S. bank holding companies. Several bank holding companies with multi-State banking subsidiaries were given permanent grandfather rights in 1956 and again in 1966 when the test for determining a bank holding company's State of principal banking operations was clarified. In 1970 nonbanking activities of one-bank holding companies were permanently grandfathered so long as they were commenced on or before June 30, 1968, and were engaged in continuously since that date. Given precedents, foreign banks should be afforded similarly liberal grandfather privileges. It must be remembered on this issue that foreign banks have established their operations in complete conformance with existing laws; branch and agency forms of organization are not devices for avoiding certain Federal banking laws but rather are well-accepted forms of banking operations around the world.

Furthermore, it would appear that the extent of permanently grandfathered nonbanking activities would be relatively small and that the period of temporary grandfathering provided is not unreasonably long in light of divestiture experience under the Bank Holding Company Act.

The Board shares the concern of the Congress that the policies of the Glass-Steagall Act and the Bank Holding Company Act be enforced; however, rather than abolish existing foreign-owned bank affiliations that would be prohibited by those Acts, it seems that a better and fairer course of action would be to give the Board the power to terminate such affiliations if, in a particular case, the Board found, after notice and opportunity for hearing, that such action was warranted. The Congress, in fact, adopted this type of procedure in connection with its permanent grandfathering of certain of the nonbanking interests of one-bank holding companies in 1970. The Board has suggested a similar review power over any permanently grandfathered nonbanking interests of foreign banks in Section 4(2) of S. 958.

OTHER REGULATORY ISSUES INVOLVING FOREIGN BANKS

In transmitting its proposed legislation to the Congress, the Board indicated that its proposal would not cover foreign bank operations conducted through so-called New York investment companies, and would not specifically amend the Bank Holding Company Act in order to subject the several foreign bank shareholders of the European-American Bank and Trust Company, New York, New York, to the provisions of that Act.

Investment companies organized under Article XII of the New York banking law have many of the same banking and financing powers as agencies of foreign banks. Seven domestically owned investment companies appear to be primarily engaged in finance company operations; four foreign-owned investment companies are either subsidiaries or affiliates of foreign banks and appear to conduct the same type of commercial banking operations carried on by agencies. In excluding foreign-owned investment companies from the coverage of its proposed legislation, the Board was primarily influenced by the fact that only three such companies would have been covered at the time it submitted its proposal and that the New York authorities had customarily discouraged chartering of these entities in lieu of branch or agency operations. The Board was also concerned that any attempt to cover only the few foreign-owned companies would be regarded as a discriminatory action by foreign authorities.

The Board notes that since submitting its legislation, the New York banking authorities have chartered an additional investment company subsidiary of a foreign bank and have received an application to organize another investment company from a private foreign bank. The Board understands, however, that the New York authorities are currently reviewing their policies on chartering investment companies for foreign banks.

The Board believes that there is a potential for avoidance of the objectives of its proposed legislation if foreign banks can readily obtain investment company charters in lieu of agency or branch licenses. The Board thus recommends that all future investment companies that would be chartered to engage in a commercial banking business be subjected to the same scope of Federal regulation that has been suggested for agencies and branches in order to close this potential loophole.

With respect to domestic banks owned by several foreign banks, the Board notes that, in addition to European-American, the New York banking authorities recently chartered a new bank—UBAF Arab-American Bank—that will be owned by a group of 11 Arab banks, 5 foreign consortium banks controlled by Arab banks, and 4 domestic bank holding companies, the latter each having only a statutorily permitted 5 per cent interest. The Board recently considered the question of whether a bank holding company was being formed in the organization of UBAF and determined that, on the basis of certain specific undertakings made by each of the shareholders of the bank with the Board, that a "company" had not been formed and that an application was not required under the Act.

The cases of European-American and UBAF, among others, however, demonstrate that the current definitions of "control" and "company" in the Act do not appear to cover certain multiple ownership situations where independent shareholders might act in concert to control a bank but do not constitute themselves into a corporation, partnership, association, or similar organization. Because this consortium form of arrangement might become an attractive vehicle for entry if branches and agencies of foreign banks are subjected to Federal regulation under the Bank Holding Company Act, the Board recommends that the Congress amend the Bank Holding Company Act to give the Board jurisdiction over situations where independent shareholders that do not form themselves into a company, as currently defined in the Act, nevertheless act in concert to control a bank. Since the scope and impact of any such amendment will depend, to a great degree, on the precise legal language chosen, the Board, at your request, will be glad to suggest several alternative amendments to the Bank Holding Company Act and to describe the ways in which such amendments would affect the shareholders involved. It should be noted that any such amendment would apply to domestic as well as foreign companies, and thus the Congress may also want to consider such an amendment in the context of bank holding company legislation.

CONCLUSION

This Nation's domestic banking system is, of course, currently undergoing a thorough re-examination by the Congress and we at the Federal Reserve welcome this study and are glad to provide whatever assistance we may be called upon to give. It is our belief, however, that the enactment of legislation regulating foreign bank operations in the United States should not await or be made contingent upon the resolution of more fundamental domestic banking issues, such as whether U.S. banks should be allowed to engage in multi-State operations or securities activities. In our judgment, if foreign bank regulation is tied to such fundamental domestic changes, an undesirable end result will be further postponement of the enactment of any legislation regulating foreign bank operations in the United States. The longer such legislation is delayed the more difficult will be our task in this regard because foreign bank operations will continue to grow, thus making grandfathering proposals less acceptable and increasing the likelihood of retaliatory pressures against our banks abroad. The Board thus strongly recommends enactment of S. 958 during 1976. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Appropriations Committee, U.S. House of Representatives, January 28, 1976.

I can summarize briefly what I have on my mind, and what I would like to convey to this committee, in three broad propositions.

First, a good recovery of economic activity is now under way.

Second, inflation moderated appreciably during the past year, but there is a grave danger that it may accelerate again.

Third, the course of fiscal policy during this year and next will play a decisive role in determining whether or not our country can win the battle against inflation.

Let me turn to the first of these propositions. A good economic recovery has been under way since April or May of last year. The recovery has gathered some momentum; in the second half of 1975 the physical volume of our Nation's total production rose at an annual rate of approximately 9 per cent, which is a rather rapid rate of increase.

Industrial production—that is, the output of our factories, mines, and utilities—grew even faster. Between April and December 1975, industrial production rose at an annual rate of 12 per cent.

These gains in production have been widespread. They started in the nondurable goods fields—in the production of textiles, leather products, paper products, and chemicals. After midyear the scope of the expansion in production broadened out and most durable goods lines—such as the machinery and equipment trades, the metals industry, and the furniture industry—showed appreciable gains.

The increases in production led to a material strengthening in the demand for labor. Since March of last year, total employment has increased by 1.7 million. The factory workweek has lengthened. It is, as of the latest count, 1½ hours longer on the average than it was last February. And the unemployment rate has declined from approximately 9 per cent last spring to about 8 per cent presently.

As 1975 ended the economy was moving up at a fast clip. In the month of December, industrial production rose 1 per cent; employment rose by a quarter of a million; retail sales rose by a remarkable 3½ per cent. In fact, the rise in retail sales toward the end of last year was so rapid that inventories of trade firms actually fell.

Let me try now to speculate a little about the future with you. As I see the economy, there is good reason to expect that the expansion in production and employment will continue in the months immediately ahead. Certainly, inventory restocking will be needed to fill half-empty shelves in many of our firms.

The confidence of consumers is returning. People around the country are in a better mood now, and they are spending more freely.

Our export markets are strong. As you may have read in this morning's paper, we had a trade surplus in 1975 of $11 billion. Our exports will continue expanding this year, partly because other industrial countries are beginning to recover. Also, prices, by and large, have risen less rapidly in our country than abroad, and American business firms are in a stronger competitive position.

The housing industry, as you know, is depressed, but there has been some improvement and I think there will be gradual further improvement. The backlog of unsold homes is diminishing. Money is certainly in ample supply at our thrift institutions. The inflow of funds to our mortgage lending institutions this January appears to be breaking all records for that month.

Business capital spending, so far, has not shown any convincing signs of recovery. This is not entirely surprising because business investment in fixed capital often lags in the recovery process. But I think that there are cogent reasons for expecting business capital investment to join the recovery process before very long.

As you well know, the stock market has been rising briskly, interest rates of late have fallen rather sharply, and corporate profits have moved up with considerable vigor—in fact, with unexpected vigor. Also, the utilization rate of our manufacturing industries has been rising. The Federal Reserve maintains an index of the rate of capacity utilization of materials-producing industries. That rate was 70 per cent in the first quarter of 1975, and by the fourth quarter it had risen to 81 per cent.

When the average rate of capacity use is 81 per cent, there will be some industries that are well above that figure and there will be some firms within these industries that are higher still.

In sum, with an ample supply of money available, with profits improving, and with the rate of utilization of our factories rising, I think we can reasonably expect that the capital goods industries, before very long, will be showing significant expansion once again.

Our financial markets are now in an excellent position to support further economic recovery. Interest rates have declined over the past 6 months in contrast to what usually happens in the early stages of a recovery. Usually, interest rates begin rising, and they sometimes rise sharply, at about the same time as economic activity starts to recover. But interest rates now are below their lows of last June; in fact, interest rates on many short-term securities are lower now than they have been at any time since the fall of 1972. The rise in stock prices also favors the continuance of economic expansion. This is making it easier for business firms to raise equity capital. It is also making people feel richer and is thus helping to rebuild confidence all around.

It is also important to note that the liquidity position of our banks, of our thrift institutions, and of our business firms has improved very materially since the spring and summer of last year.

The critical question, of course, is how far and how fast the recovery that is now under way will proceed. In the nature of things, neither I nor anyone else can speak with great confidence on this question concerning the future. But I can say this much with assurance: the strength and the duration of the recovery that we are now experiencing will depend in large part on how well this country does in our continuing struggle with inflation.

Last year we made significant progress. Consumer prices rose 7 per cent in 1975, compared with an increase of 12 per cent during 1974. Wholesale prices rose 4 per cent last year, compared with 21 per cent during 1974.

But we must not become complacent about the improvement that has taken place on the inflation front because the progress we made was pretty much concentrated in the first half of 1975, when economic activity was weak. In the second half of 1975, troublesome signs appeared of a quickening in the pace of inflation. Wholesale prices of industrial commodities rose at a 9 per cent annual rate, which was more than twice the rate of increase in the first half of 1975. That was a disturbing development. Also, wage-rate increases remained rapid last year. As you well know, they have been running far above the long-term rate of improvement in productivity.

If the rate of inflation quickens this year, as may happen, that would pose a threat to the continuance of economic recovery. If the rate of inflation quickens, the restoration of confidence that is now under way would probably soon come to an end. If the rate of inflation quickens, interest rates would rise and financial markets might become unsettled. If the rate of inflation quickens, the flow of funds to our thrift institutions—and thus mortgage credit supplies—would tend to dry up, and housing would suffer grievously once again. Consumer spending would also tend to weaken because in our times consumers respond to inflation not by spending at a faster rate but by saving at a faster rate. This is one of the important lessons of recent times—a lesson that as yet is not understood well enough.

In view of what I have said, it seems to me that the task for public policy is eminently clear: we in Government must avoid policies that release a new wave of inflation. To the extent that we do so, we will enhance the prospects for a vigorous and durable economic expansion.

Now let me say a word or two about monetary policy. We at the Federal Reserve have been very mindful not only of the need to expand jobs in our country but also of the need to reduce the rate of inflation—because, unless that happens, we will not have good times in our land.

During the past year, all of the major monetary aggregates expanded at a moderate pace. Thus, between the fourth quarter of 1974 and the fourth quarter of 1975, the narrowly defined money supply—namely, currency plus demand deposits, frequently referred to as M_1—rose 4½ per cent. A more broadly defined money supply, which includes also time and savings deposits of commercial banks except for large certificates of deposit, rose 8 per cent during that period.

These increases proved to be sufficient not only to finance a vigorous recovery in the physical volume of economic activity; they proved sufficient also, I am sorry to say, to finance a fairly high rate of inflation. Moreover, interest rates fell materially, and this indicates that the moderate rates of expansion in the monetary aggregates were fully sufficient, if not more than sufficient, to take care of the Nation's legitimate needs.

We at the Federal Reserve have the firm intention of staying with a course of moderation in monetary policy. Clearly we need continued growth in economic activity; clearly this growth needs to be financed. We expect to provide sufficient money and credit to finance a satisfactory rate of expansion, but we do not have the slightest intention of throwing caution to the winds and of taking the risk of rekindling inflation.

The principles that are guiding monetary policy at the present time should, in my judgment, also shape the course of fiscal policy if our country is to regain any chance of lasting prosperity.

I need hardly remind this committee that since 1960 we have had a deficit in our Federal budget every year but one. I need hardly remind this committee that in the 10 fiscal years from 1968 through 1977, taking account of the President's recently announced budget, the Federal budget deficit will have exceeded $20 billion in each of 6 years. And I need hardly remind this committee that in the 5 years ending with fiscal year 1976, the deficit in the unified budget will have cumulated to about $160 billion. And if we take off-budget outlays into account—as we should, and as I hope Mr. Lynn soon will—the total rises to more than $180 billion.

The President has recommended a budget for the coming fiscal year that aims to slow down materially the rate of increase in Federal spending. Partly for that reason and partly also because of expected increases in revenues, the budget deficit is projected to decline from $76 billion in fiscal 1976 to $43 billion in fiscal 1977.

I would certainly like to see faster progress in reducing the deficit, but I do recognize that the deficit now results in large part from the fact that economic activity is well below the full employment level.

The President's recommendation to cut back on the growth of Federal expenditures and also to cut taxes strikes me as sound. Federal expenditures have been growing very rapidly in our country. According to my calculations, last year total governmental expenditures at the Federal, State, and local levels amounted to something like 38 or 39 per cent of the dollar value of our Nation's production. That percentage has been growing progressively over the years. The private sector in our economy is shrinking. Let us not overlook the fact that the private sector has been the source of strength and vitality of our economy.

I hope that the Congress will, in general, follow the recommendations in the President's budget message. I am speaking of over-all totals, not of the details of the budget.

This committee can serve a vital national function. I trust that you will bear carefully in mind, as you have in the past, the urgent need of this country to follow a course of fiscal prudence and that you, Mr. Chairman, and your colleagues on this committee, will bring your great influence to bear on the thinking of the Budget Committee and on the various legislative committees. □

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance of the Committee on Banking, Currency, and Housing, U.S. House of Representatives, January 29, 1976.

It is my privilege to present the response of the Board of Governors to the FINE[1] "Discussion Principles" embodied in Title III. Before reviewing the principles and responding to each, however, I would like to present the Board's current assessment of the bank holding company movement as it has developed since the 1970 amendments. It will be recalled that the legislation amending the 1956 Bank Holding Company Act was designed (1) to bring one-bank holding companies under the Act, (2) to allow bank holding companies to engage in a broader range of nonbanking activities closely related to banking, and (3) to assure that public needs and conveniences were considered when permitting an acquisition.

The Board believes that the bank holding company movement, on balance, has been in the public interest, if all factors are carefully weighed. We recognize that it may be too early to appraise adequately all the ramifications of the changes in banking structure, the new competitiveness in banking and bank-related industries, and the sufficiency of full realization of the public benefits promised by the applicants. There are some questions on the proper degree of regulatory control and the permissiveness of the holding company form of organization. But many of the charges of financial trouble levied against the bank holding company movement have little relevance to the form of organization and are primarily the result of broader economic problems and aggressiveness of bank management policies.

In our view the primary and demonstrable benefit from the holding company movement has been the competitive impact in the banking industry. Through *de novo* and foothold entries new and stronger competitors have been introduced into local banking markets. There have been 218 *de novo* banks organized in metro-

[1] Financial Institutions and the Nation's Economy.

politan markets by domestic multibank holding companies during the 5 years since the 1970 amendments. Of these, about 23 per cent were opened in markets where the holding company was not previously represented by a bank. Another 45 new banks were opened in nonmetropolitan markets. Of these, about 84 per cent represented initial entry by the holding companies. These data support our judgment that new banking alternatives have been opened to the public with increased competition for existing banks.

With respect to acquisitions of banks that have small market shares, empirical studies show that the market shares of these acquired banks have increased under holding company control, suggesting an improved competitiveness that perhaps includes broader services. There are less certain but creditable indications of increased competition in State and regional banking markets resulting from the growing abilities of bank holding companies to meet the expanding needs of regional and national businesses.

Competitive benefits are also reflected in the *de novo* and foothold entries of bank holding companies in nonbanking activities. Since 1970 bank holding companies have established over 1,600 nonbank *de novo* offices, with consumer finance, insurance, mortgage banking, and leasing firms accounting for more than 70 per cent of that total. Also holding companies frequently have acquired small or medium-size firms and then expanded *de novo* into new markets. It is our impression that the new entrants have a procompetitive effect in the local markets for such bank-related activities.

Beyond the competitive impacts, I believe that the bank holding company movement has permitted an improved mobilization of funds in the economy by overcoming, to some degree, certain restrictions such as branching limitations and barriers to the types of activities in which banks can engage. The reinforcing impact of bank-credit availability and the strength of broader marketing are difficult to quantify, but their intangible benefits for the economy are nonetheless significant. Similarly, the bank holding company organization has provided a new vehicle for marketing the stock of small banks and certain nonbanking companies. This benefit could be particularly important in solving the problems of a majority owner of a rural bank who wishes to sell his bank.

Finally, bank holding companies have improved the financial condition and management of many of their newly acquired banks. Of particular importance has been the provision of additional capital. In 397 separate approvals of holding company acquisitions, the Federal Reserve has conditioned its approval on, or reached agreement with the applicant for, an injection of new capital. Such applicants have provided almost $788 million of new capital as a result of these acquisition agreements, and bank holding companies, often after urging by the Federal Reserve, have put in an additional $1,154 million in new capital. In total then, bank holding companies have injected almost $2 billion of new capital funds into subsidiaries. While a part of this total might have been injected without the holding company form or the requirements of the Federal Reserve, it is doubtful that the total would have been nearly so large.

The ability of bank holding companies to provide management for their new acquisitions has been a significant benefit; particularly when the acquired bank had unsatisfactory leadership or faced a management succession problem. Growing bank holding companies are often able to attract new executive talent, thereby enabling them to supply management to newly acquired or organized banks. Such benefits are very difficult to measure, but we believe that the ability of holding companies to provide management is a substantial public benefit.

The Board also recognizes that there are costs associated with the bank holding company movement. Some bank holding companies have experienced financial problems, but it is important to note that many of these problems have developed in their bank subsidiaries. The majority of these problems would probably have materialized even if the banks had not been an affiliate of a holding company. A significant proportion of these bank problems have stemmed from the recession, but others have resulted from overly aggressive bank lending and investment policies.

Some other bank holding company problems, however, have originated in their nonbank subsidiaries. For example, some mortgage banking affiliates have sustained operating losses, and a few have tried to avoid severe distress by selling assets of doubtful quality to bank subsidiaries. Except in rare cases, however, the problems associated with nonbank subsidiaries have not had a major negative impact on bank holding companies. One reason is that these nonbank subsidiaries are usually a small factor in the holding company system. In fact, total nonbank assets of bank holding companies account for less than 5 per cent of total consolidated holding company assets.

Another problem area is that some real estate investment trusts (REIT's), advised by a bank holding company, often carrying the name of the holding company or its lead bank, have encountered financial troubles. Although many independent and bank-advised REIT's have experienced similar difficulties, it is probably true that the holding companies were able to pursue this line of endeavor more freely and with greater aggressiveness. Of course, the recession in economic activities has been a major source of these difficulties, but some REIT's became exposed to a greater extent than other lenders in the mortgage market.

Use of the bank holding company form of organization has permitted greater flexibility and latitude than the normal single unit bank or even a branch bank system. For example, the ability of holding companies to "double leverage"—that is, raising funds through parent debt issues and downstreaming equity capital to bank subsidiaries—has allowed the holding company to increase the capital ratios of bank subsidiaries, while increasing the leverage of the company as a whole. Problems can develop from "double leveraging" if the parent's debt servicing requirements are such that unduly heavy dividends are required from the bank.

The Federal Reserve is charged with regulating bank holding companies by approving or denying applications for acquisitions, by overseeing their financial conditions, and by insuring compliance with the Act and its associated regulations. When acting upon proposed acquisitions, we have regularly given attention to financial and managerial factors, competitive effects (including any concentration issues), and the public benefits expected. We typically require the applicant and its subsidiaries, both bank and nonbank, to be in generally satisfactory financial condition. In a number of cases, as noted above, we have required additional capital and other corrections as a condition for approval. The Federal Reserve closely scrutinizes those applications involving acquisition debt and has denied a number where such debt would create undue pressure for increased dividends from bank subsidiaries, especially when the bank needs, or is likely to need, capital. We expect the parent company to be a source of strength to its subsidiaries and not a drain on their resources.

Approval of nonbank acquisitions has similarly been given following a determination that competitive benefits are likely to flow from the acquisition and that some significant public benefits will develop such as greater efficiency, lower interest rates, or broader services. We have designed our procedures to promote *de novo* entry by making the application and review process easier and quicker. Moreover, the Federal Reserve has shown a distinct preference for having bank holding companies acquire small or intermediate-size firms rather than the largest companies. We, of course, have moved carefully in reaching decisions as to which industries are closely related to banking and where operation by a holding company would be of public benefit. Under Regulation Y, the Board so far has determined 12 categories of nonbank activities to be permissible for bank holding companies and has ruled that 8 types of activities are not permissible.

Beyond these rather specific requirements, the Board has adopted policies concerning bank holding company expansion, which over the past 2 years have significantly slowed this expansion. The Board adopted this "go-slow" policy because it believed that managerial and financial resources could often be used more effectively to strengthen existing operations, particularly in the bank subsidiaries, some of which had experienced sharply declining capital ratios or large loan losses.

Similarly, we have increased our efforts to improve the supervision of bank holding company activities by more intensive monitoring of bank holding company financial affairs and intracompany transactions. From revised and expanded financial reports, we will acquire much more information on bank holding company activity. Also a quarterly report on intracompany transactions will permit the Federal Reserve to monitor closely any unusual transactions or transfers between holding company affiliates. The Federal Reserve has increased its inspection program for bank holding companies and nonbank subsidiaries so that developing financial problems may be identified as early as possible. Such inspections also allow a check on compliance with the Bank Holding Company Act and with Federal Reserve regulations created to implement that Act. We have increased our contacts with the managements of bank holding companies so that we may be better informed about the condition of their companies and where problems may develop. Moreover, we have been increasing our use of agreements or cease and desist orders to bring about the correction of specific problems.

After 5 years of experience in enforcing and regulating the 1970 amendments to the Bank Holding Company Act, the Federal Reserve has found it desirable to suggest to the Congress certain changes in that Act that would improve our ability to correct problems or deter their development. Specifically, the Board has requested the Congress to give it the authority to invoke civil penalties for violations of the Bank Holding Company Act and thus deter the violations that are being discovered in our holding company inspections. Also, the Board has asked for authority to order divestiture of nonbank subsidiaries or nonbank activities where they are endangering the bank subsidiaries of a holding company.

As a method of dealing with situations where a bank is in serious financial difficulty, we have requested modification of the Act to permit waiver of the 30-day waiting period before an acquisition can be consummated. This authority parallels that in the Bank Merger Act. Similarly, we have requested a change in the statute that would permit inter-State bank holding company acquisitions where a bank or holding company in difficulty is so large that it cannot be acquired by any in-State companies without creating competitive problems.

I would now like to state the Board's specific response to the FINE Discussion Principles as reflected in Title III. The first elaborates on a prior principle that a Federal Depository Institutions Commission be created and that it have authority for supervision, regulation, and examination of bank and savings and loan holding companies. As reflected in our prior testimony, the Board is opposed to the creation of this commission, and, hence, opposes the provision that the powers of the commission cover bank holding company activities.

The second Discussion Principle in this title would subject holding companies to the jurisdiction of the Federal Depository Institutions Commission so as to promote healthy competition among depositary institutions and to prevent the acquisition of banks or savings and loan associations that would tend to lessen competition in a financial market. The Board strongly endorses and has worked toward promoting healthy competition among depositary institutions. In its administration of the Bank Holding Company Act, the Board has repeatedly denied proposed acquisitions of banks and nonbank companies that would result in anticompetitive effects. Only in those rare cases, such as with the acquisition of a failing bank, where demonstrable public benefits would outweigh relatively slight anticompetitive effects, has the Board approved acquisitions of this character. I can assure you that the Board pays extremely careful attention to the competitive effects of every proposed acquisition.

The third Discussion Principle calls for prohibiting the holding company and subsidiaries from using names in such a way so as to cause public confusion. We perceive the purpose of this provision as an effort to disassociate depositary institutions from the rest of the holding company system in the public's mind so that financial trouble elsewhere in the system would not have an impact on the depositary institutions in such a way as to cause a loss of confidence. The Board believes that such a prohibition would give the depositary subsidiaries of bank holding companies a modest degree of protection, but does not believe such protection would be complete or very effective. The sophisticated holders of liabilities of depositary institutions are aware of the organizational links to the rest of the holding company system whether the name is identical or even similar. Such investors or depositors can be responsible for wide swings in deposits of individual institutions during periods of financial stress. In recent experience, typically it has been the large uninsured depositor or creditor who has sought protection by withdrawing funds from depositary institutions.

In a practical sense, also, even if the names are not similar, the holding company may still feel responsible for the nondepositary unit in the holding company and thus may attempt to use its depositary affiliates to come to the aid of that nonbanking unit in times of adversity—subject, of course, to the limitations in Section 23A of the Federal Reserve Act. There would be some cost in forcing all holding companies to change the names of their nonbanking affiliates including the denial to holding companies of one of the benefits of the holding company form, which is the strength of the holding company name on the nonbanking and banking subsidiaries. Furthermore, the proposal runs counter to the view that the public has a right to know with whom it is doing business. Also, there may be legal implications of forcing such a name change between the parent and its nondepositary subsidiaries, which the Congress should review carefully before adopting this principle.

The next proposal concerning holding companies is another attempt to avoid public confusion by requiring that any liabilities issued by nondepositary subsidiaries clearly state that the liabilities carry no guarantee by any depositary institution in the holding company system, or by the U.S. Government. The Board believes that this proposal is desirable because it would tend to clear up any confusion or misunderstanding that might exist. While lending its support to this proposal, the Board nevertheless believes that there should be recognition of the practical position of many bank holding companies that the debt of any subsidiary ordinarily should not be allowed to go into default for fear of injuring public confidence in the holding company as a whole or in its bank affiliates. In addition, some support of the liabilities of nonbank affiliates may be desirable in the normal course of business, as in the case where a bank issues a "partial" standby letter of credit, subject to Section 23A, to facilitate marketing of the debt of an affiliate.

Another Discussion Principle requires the Federal Depository Institutions Commission to determine before permitting any action by a depositary institution with a holding company, a subsidiary, or an affiliated nonfinancial institution, that such action would not weaken the depositary institution in question. The Board assumes that it is the intent of this provision to prevent intraholding company transactions that would adversely affect depositary subsidiaries. The Board wishes to point out that such a proposal, though tending to prevent such adverse actions, would involve substantial administrative costs to review each and every transaction. In addition, prior approval of each transaction constitutes an unwarranted interference in the management of the company.

As far as banks are concerned, existing laws such as Section 23A of the Federal Reserve Act already give bank affiliates of the holding company some protection from abuse. However, as already noted in this testimony, there have been intraholding company transactions that have created problems for bank affiliates. In that regard, the Board has taken several steps to reduce or counter the adverse effects of such transactions. First, the Board has recently stepped up its monitoring program dealing with bank holding company financial developments. Second, as noted above, the Board has begun an intracompany transaction report and also requires almost immediate notice of transactions involving large amounts or a large proportion of a holding company's income or assets. Third, in order to prevent bank affiliates from being harmed by unsound financial practices of the holding company or its nonbank subsidiaries, the Board has requested and received authority from the Congress to bring cease-and-desist actions, if necessary, against holding company units. Fourth, the Board has acted to limit certain transactions by banks with affiliates. The Board has interpreted limitations placed on member bank loans to affiliates, under Section 23A of the Federal Reserve Act, to include assets purchased from these affiliates. In addition, the Board has amended Regulation H to require member banks to treat standby letters of credit and ineligible acceptances as loans for purposes of determining limitations on loans to affiliates.

The Board believes that if existing laws and procedures are not sufficient to reasonably protect the bank subsidiaries, it would be preferable to tighten the laws on intracompany transactions rather than to prohibit such transactions except with prior approval by regulatory authorities. Currently the regulatory agencies are studying possible recommendations for strengthening of Section 23A of the Federal Reserve Act.

Turning to the next Discussion Principle, the Board supports the proposals to remove present limitations on the amount of loans between affiliated depositary institutions and to abolish the requirement that such loans be secured. We believe that within broad limits, it is reasonable to allow a statewide holding company system to transfer funds among its depositary affiliates just as a statewide branch-banking system can transfer funds among its branches. Such a provision would be particularly desirable in facilitating Federal funds transactions among depositary affiliates of the holding company. It is believed that the restrictions presently placed on such intracompany depositary loans were among the principal reasons for the conversion of a large number of holding company affiliates into statewide branching networks when the New York State law was recently changed to permit statewide branching.

The next of the Discussion Principles would prohibit transactions other than routine deposit transactions between a depositary institution that is a subsidiary of the holding company and any investment company, including REIT's, which it manages or advises. We question whether it is necessary to prohibit all transactions between depositary institutions and an investment company both related to a single holding company. For the depositary institution, the amount of loans to a REIT advised by a holding company unit would be limited by existing law, usually to 10 per cent of the bank's capital. Nevertheless, we do recognize that such loans could be made by a number of separate units and perhaps in the aggregate might constitute an overconcentration of credit for the company.

The Board is mindful that the purchase of assets by a bank from a REIT advised by the holding company is not presently limited by law except to the extent that such a purchase constitutes an "unsound" banking practice. Nevertheless, we are watching such transactions of State member banks very closely and would not hesitate to take decisive action if a transaction constituted an unsound banking practice.

In order to promote disclosure, the next Discussion Principle would require the Federal Depository Institutions Commission to obtain and make publicly available by market area on a periodic basis, information concerning loans and other financial transactions between depositary institutions and the rest of the holding company system, as well as institutions such as REIT's advised by the holding company system. The question of the degree or type of disclosure of holding company financial affairs is one that is currently under considerable study both by the regulatory agencies and the Securities and Exchange Commission. The Board recognizes that to achieve market discipline of holding companies there will have to be additional disclosure of their financial condition, and it has participated in extensive discussions with the SEC about which data should be developed and how they are to be presented.

The final provision in Title III of the Discussion Principles applies to the composition of the board of directors of each depositary institution and holding company as well as the important committees of each institution. The provision requires that one-third of the members of the board of directors and all the important committees be independent. That is, they should have no affiliation with the holding company or any of its nondepositary affiliates. It appears to us that the purpose of this provision is to give the depositary institutions greater protection from any possible abuse by the rest of the holding company system. We believe that independent directors would be of some help. But it is doubtful that the proposal would offer depositary institutions a significant amount of protection. The proposal would still leave independent directors in a minority position. Moreover, directors are obligated to defend the interest of the stockholders, and a depositary affiliate's stockholder is the holding company, which would or could be the source of the abuse.

If this FINE proposal were to be adopted, however, we would urge that small holding companies be exempted. We suggest this because in smaller towns and for small companies elsewhere, the available supply of qualified directors is often limited.

In conclusion, the Board believes the Banking Committee is rendering an important service in leading a discussion of what may be the useful and feasible elements of financial institution reform. Our net assessment of the bank holding company movement is presently favorable, but it is clearly too soon to render definitive judgments on all aspects of the movement. We hope our review of the development of bank holding companies and our comments on the FINE Discussion Principles applicable to them, will be helpful to the committee. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Currency, and Housing, U.S. House of Representatives, February 3, 1976.

I am glad to meet with this committee and present once again the Federal Reserve's report on monetary policy.

Last July, when I gave the first report to the committee under House Concurrent Resolution 133, our economy was just beginning to emerge from the most severe recession of the postwar period. Since then, we have experienced a vigorous economic recovery. According to preliminary calculations, the physical volume of our Nation's total production rose at an annual rate of 9 per cent during the second half of 1975.

The rebound of the industrial sector of our economy has been even stronger. Since its low point last April, the total output of factories, mines, and power plants has increased at a 12 per cent annual rate. The advance was initially most prominent in the textile, leather, paper, and chemical industries, but the scope of the recovery broadened during the fall and winter months and now includes a wide range of durable and nondurable goods.

As production rose, the demand for labor strengthened. Since last spring, total employment across the Nation has risen by 1½ million, and the average factory workweek has lengthened by 1½ hours. In December the number of employees added to payrolls by our manufacturing industries exceeded the number released by a margin of 3 to 1.

The rate of utilization of our industrial plant has also risen. In the major materials industries, only 70 per cent of available plant capacity was effectively used during the first quarter of 1975; by the final quarter, utilization of capacity in these industries had climbed to 81 per cent.

Nevertheless, a large part of our labor and capital resources still remains idle. Unemployment is still deplorably high, and activity in not a few of our Nation's industries remains depressed. Continuance of moderately rapid expansion is, therefore, essential to the restoration of our economic well-being as a Nation.

Fortunately, conditions in the private economy favor a substantial further increase in production and employment this year. Last fall the pace of advance in economic activity slowed for a very brief period; but a renewed upswing developed toward year-end, and the economy entered 1976 on a strong upward trend. Consumers have been buying more liberally, as is evident from the surge in retail sales late last year. In December retail sales rose 3½ per cent on a seasonally adjusted basis, and the improvement that developed over the Christmas season appears to have continued thus far this year.

This marked strengthening of consumer spending has resulted in a further liquidation of business inventories, so that ratios of inventories to sales are now unusually low at most retail outlets and also at manufacturers of nondurable goods. Businessmen have been pursuing very cautious inventory policies; they have been reluctant to reorder in volume until they were confident that recovery was taking hold. As a result, business firms will soon need to rebuild inventories to levels consistent with the improved pace of consumer buying. It should not be surprising if orders and production advance rather briskly in the months just ahead.

Prospects for residential construction also appear to have improved. Prices of new homes remain exceedingly high, and this is bound to limit the recovery in homebuilding. Still, the inventory of unsold units—especially in the single-family market—has declined, and mortgage credit is now readily available in nearly all parts of the country. Housing starts have therefore been moving up and further significant gains are likely over the course of 1976.

Our export trades, too, will probably register some improvement this year. The demand for exports held up well in 1975, reflecting in large measure the strong competitive position that we have achieved in world markets during recent years. Economic recovery is now under way in other industrialized countries, and as it gathers momentum the demand for our exports should intensify. However, our foreign trade balance is likely to narrow this year because our economic expansion will lead to an enlarged demand for imports—including products, such as petroleum and industrial supplies, that fell off sharply during the recession.

Business capital spending can also be expected to contribute to economic recovery during 1976. This sector of demand has yet to show convincing signs of an upturn, but business fixed investment often lags behind other major categories of demand during the early stages of a recovery. With rates of capacity utilization on the increase, corporate profits moving up strongly, the stock and bond markets improving, and business confidence gaining, we can reasonably expect considerable strengthening this year of business plans for buying new equipment and building new facilities—as normally happens in the course of a business cycle expansion.

The strength of recovery in business investment outlays this year, however, will depend to a large degree on the vigor of consumer markets. Businessmen across our land are still making plans for the future with great caution. While the recent improvement in consumer buying has been encouraging, the present more optimistic mood of consumers could be destroyed by a new burst of inflation. Any resurgence in the pace of inflation this year would pose a threat to consumer and business confidence, and thus to the further recovery of economic activity that is so urgently needed.

We as a Nation made notable progress last year in reducing the rate of inflation. The rise in consumer prices came down to 7 per cent, about half the rate recorded in 1974. The rise in wholesale prices slowed down even more. These improvements reflected slack demand in product markets and increased competitive pressures, but they were evidenced mainly in the first half of last year.

In fact, there has been some worsening in the rate of inflation since the middle of 1975. One troublesome sign has been the acceleration in wholesale prices of industrial commodities. During the second half of 1975, these prices increased on the average at an annual rate of almost 9 per cent, compared with 3½ per cent in the first half. The advance of consumer prices quickened less rapidly—from an annual rate of 6.6 per cent in the first half of 1975 to 7.5 per cent in the final 6 months. But the rate of inflation in consumer markets could worsen further if recent sharp increases in wholesale prices are passed through to the retail level.

The trend of wage increases, while understandable, is also disturbing. Last year wage rates rose on the average by 8 per cent—far above the long-term rate of growth in productivity. This year, major collective bargaining agreements covering almost twice as many workers as in 1975 will need to be negotiated. If wage settlements in major industries exceed those of 1975—when wage and benefit increases for the first year already averaged around 11 per cent—a new explosion of wages, costs, and prices may be touched off.

Some step-up in the rate of inflation was perhaps unavoidable during the latter half of last year, in view of the vigor of economic recovery. As the recovery proceeds, however, it is clearly the responsibility of government to manage economic policies so that a new wave of inflation, which would wreck our chances of lasting prosperity, is avoided.

Our country is now confronted with a serious dilemma in its search for ways to move the economy toward full employment. Conventional thinking about stabilization policies is proving inadequate. Stimulative financial policies have considerable merit when unemployment is extensive and the price level is stable or declining. But such policies do not work well if the price level keeps on rising while there is considerable slack in the economy. Recent experience both in our own and other industrial countries suggests that once inflation has become ingrained in the thinking of a Nation's businessmen and consumers, highly expansionist monetary and fiscal policies do not have their intended effect. In particular, instead of fostering larger consumer spending, they tend to lead to larger precautionary savings and sluggish consumer buying. The only sound fiscal and monetary policy today is a policy of prudence and moderation.

Over the past year, the Federal Reserve has sought to foster a financial climate conducive to a satisfactory recovery, but at the same time to minimize the chances of rekindling inflationary pressures. Last spring, in our first report pursuant to House Concurrent Resolution 133, we announced the growth rates of the monetary and credit aggregates that we would be seeking over the next year in the furthering of these objectives.

A growth range of 5 to 7½ per cent was adopted for M_1—that is, currency plus demand deposits held by the public. Higher growth ranges were specified for the broader monetary aggregates. For M_2, which also includes time and savings deposits other than large certificates of deposit (CD's) at commercial banks, the growth range was initially set at 8½ to 10½ per cent, and subsequently widened by reducing the lower end of the band to 7½ per cent. For a still broader monetary composite, M_3, which also includes deposits at thrift institutions, the range was initially set at 10 to 12 per cent, and then widened to 9 to 12 per cent.

At the time these ranges were established, concern was expressed by some economists, as well as by some members of the Congress, that the rates of monetary growth we were seeking would prove inadequate to finance a good economic expansion. Interest rates would rise sharply, it was argued, as the demand for money rose with increased aggregate spending, and shortages of money and credit might soon choke off the recovery.

We at the Federal Reserve did not share this pessimistic view. We knew from a careful reading of history that the turnover of money balances tends to rise rapidly in the early stages of an economic upswing. Consequently, we resisted the advice of those who wanted to open the tap and let money flow out in greater abundance.

Subsequent events have borne out our judgment. Increases in the turnover of money balances have been even larger than we at the Federal Reserve had anticipated. Over the past two quarters, the velocity of M_1—that is, the ratio of GNP to M_1—increased at an annual rate of over 10 per cent, the largest increase for any half year in the past quarter century. Moreover, this rise in velocity was not associated with higher rates of interest or developing shortages of credit. On the contrary, conditions in financial markets continued to ease, and are more comfortable now than at any time in the past 2 years.

There is a striking contrast between the movement of interest rates during the current recovery and their behavior in past cyclical upswings. Short-term interest rates normally begin to move up at about the same time as the upturn in general business activity, although the extent of rise varies from one cycle to another. In the current economic upswing, a vigorous rebound of activity, a continuing high rate of inflation, and a record volume of Treasury borrowing might well have been expected to exert strong upward pressures on short-term interest rates. However, after some run-up in the summer months of last year, short-term rates turned down again last fall and have since then declined to the lowest level since late 1972. Long-term rates have also moved lower; yields on high-grade new issues of corporations are now at their lowest level since early 1974.

Conditions in financial markets thus remain favorable for economic expansion. Interest rates are generally lower than at the trough of the recession. Savings flows to thrift institutions are still very ample, and commitments of funds to the mortgage market are still increasing strongly. Mortgage interest rates are therefore edging down.

Moreover, the stock market has been staging a dramatic recovery. The average price of a share on the New York Stock Exchange at present is about 60 per cent above its 1974 low. A large measure of financial wealth has thus been restored to the millions of individuals across our land who have invested in common stocks. Besides this, the improvement in the stock market has made it considerably easier for many firms to raise equity funds for new investment programs or for restoring their capital cushions.

In general, the liquidity position of our Nation's financial institutions and business enterprises is now much improved. Corporations issued a record volume of long-term bonds last year, and used the proceeds to repay short-term debts and to acquire liquid assets. Commercial banks reduced their reliance on volatile funds and added a large quantity of Federal securities to their asset portfolios. The liquidity position of savings banks and savings and loan associations has likewise been strengthened.

The market for State and local government securities has, of course, been adversely affected by the New York City financial crisis. Even in this market, however, interest rates are now below their 1975 highs, and the volume of securities issued has remained relatively large. The difficulties of New York City, moreover, have had a constructive influence on the financial practices of State and local governments—as well as on other economic units—throughout the country. The emphasis on sound finance that is now under way enhances the chances of achieving a lasting prosperity in our country.

These notable accomplishments in financial markets indicate, I believe, that the course of moderation in monetary policy pursued by the Federal Reserve last year has contributed to economic recovery. The Board was pleased to learn that the Senate Banking Committee, in its recent "Report on the Conduct of Monetary Policy," agrees with this view.

Since last spring, growth rates of the major monetary aggregates—though varying widely from month to month—have generally been within the ranges specified by the Federal Reserve. Thus, on a seasonally adjusted basis, the quarterly average level of M_1 rose over the past three quarters at an annual rate of 5.7 per cent; M_2 rose at a rate of 9 per cent, while M_3 rose at a rate of 12 per cent. The growth rate of M_1 was toward the lower end of the specified range, while growth in M_2 was near the midpoint of its range. Growth in M_3, on the other hand, was at the upper end of its range.

The growth rates that I have just cited reflect new seasonal adjustment factors, published a few weeks ago, that emerged from an intensive review by the Federal Reserve staff of the process of making seasonal adjustments in our monetary statistics. This review revealed some facts about the behavior of money supply data that I believe this committee should have at its disposal.

Seasonal adjustment of the money stock, as with other economic time series, involves a rather large element of judgment. I have attached to this statement a table[1] showing monthly, quarterly, and semiannual changes in M_1 that would be obtained by applying a variety of plausible seasonal adjustment procedures. The results differ by a wide margin. For example, in November, the seasonally adjusted annual rate of change in M_1 may be estimated in a range running from 3 per cent to 13 per cent; for December, the range is from −7 per cent to +3 per cent. In view of such wide ranges, no one can say with any confidence what happened to the seasonally adjusted stock of money in those months.

These observations on seasonal measurement reinforce a judgment that I have frequently expressed, namely, that many financial observers attach a degree of importance to short-run movements of money balances that cannot

[1]Available upon request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

be justified. In any event, it is doubtful whether small monthly changes in the stock of money balances have any real meaning for economic activity. The narrowly defined money stock, M_1, totals at present nearly $300 billion. Whether that stock increases in any one month to $301 billion or to $302 billion—the difference between an annualized growth rate of 4 per cent and one of 8 per cent—is unlikely to have a perceptible impact on the condition of the real economy.

Over longer periods, of course, such technical considerations as seasonal adjustment create fewer difficulties in interpreting movements of the various measures of money balances. But there are other problems of interpretation that must be recognized in evaluating monetary policy. We are living in a world of very rapid change in financial technology. New financial practices have been spreading through our markets for the past 20 or 30 years. Of late, moreover, the innovative process has accelerated, and it appears that the amount of money needed during the past year or two to finance a given dollar volume of GNP has been substantially smaller than would have been the case earlier.

Economists have sought for many years to measure the public's demand for money by relating this magnitude to the level of the gross national product, to interest rates, and to other measurable factors. These money demand relations play an important role in most econometric models of the economy. The Board's staff uses such a model as one tool, among others, in analyzing economic and financial developments. While the money demand equation in this model has fairly often yielded poor predictions for individual quarters, these errors did not tend to cumulate. In other words, predictions for a series of quarters tended to fluctuate around the actual level of the narrowly defined money stock, rather than to diverge progressively from it.

Since the third quarter of 1974, however, this equation has persistently and increasingly overpredicted the amount of money demanded by the public to finance transactions. By the last quarter of 1975, the overprediction had cumulated to $19 billion—about 6 per cent of the actual level of M_1. This means that if relationships that existed on the average over the postwar period had continued to hold, growth in M_1 at an annual rate of about 8½ per cent would have been needed during the past six quarters to finance the observed rise in nominal GNP at the interest rates that actually prevailed. The actual growth rate of M_1 during those six quarters was only about half that large.

A number of factors are clearly responsible for the reduction in the amount of money needed to finance the rise in GNP, but their quantitative importance is difficult to ascertain. One important consideration is the rise of interest rates to unprecedented levels in 1974. The attractiveness of high yields on a variety of close substitutes for demand deposits led to the development of new techniques of cash management that have continued in usage since then. As a result, businesses and consumers are now keeping a larger fraction of their transactions and precautionary balances in interest-bearing liquid assets.

Moreover, as I have noted on previous occasions, numerous financial innovations and regulatory changes have facilitated the process of economizing on the sums held in the form of demand deposits. These developments have included the spread of overdraft facilities in banks, increased use by consumers of general-purpose credit cards, the growth of negotiable order of deposit (NOW) accounts in New Hampshire and Massachusetts, the emergence of money market mutual funds, the development of telephonic transfers of funds from savings to checking accounts, and the growing use of savings deposits to pay utility bills, mortgage payments, and other obligations.

One very recent development that has had a considerable impact on the behavior of M_1 was the regulation issued by the banking agencies last November, which enabled partnerships and corporations to open savings accounts at commercial banks in amounts up to $150,000. This regulatory action was of considerable benefit to small businesses. It also placed commercial banks on a more nearly comparable footing with savings and loan associations, which have long been able to issue such accounts without any limitation on size. A special survey conducted by the Federal Reserve indicates that by January

7 around $2 billion had already been moved into these new accounts at commercial banks. Since the bulk of these funds probably were held previously as demand balances, this shift of deposits has undoubtedly accounted for a significant part of the weakness of M_1 in late 1975 and early this year.

The relatively slow rate of growth in money balances during recent months has been watched carefully, and at times with considerable concern, by the Federal Reserve. In view of the rather rapid pace of economic expansion, the relative ease of financial markets, and the absence of any evidence of a developing shortage of money and credit, we have been inclined to view the recent sluggish rate of expansion in M_1 as reflecting the influence of various factors that are reducing the amount of narrowly defined money needed to finance economic expansion. However, since we could not be entirely certain of our views, we have taken steps recently to ensure that the rate of monetary expansion does not slow too much or for too long.

During the past 3 months or so, open market policies have therefore been somewhat more accommodative in the provision of reserves to the banking system. This has been reflected in a decline of the Federal funds rate to around 4¾ per cent. Last month, the discount rate was lowered from 6 to 5½ per cent. And on two occasions—in mid-October and again in late December—the Board reduced reserve requirements. These reductions were aimed principally at encouraging a further lengthening of the maturities of time deposits of member banks, but they also released nearly $700 million of reserves and thus enabled banks to support a higher level of money balances.

In taking these steps, our objective has been to stay on a course of monetary policy that will continue to support a good rate of growth in output and employment, while avoiding excesses that would aggravate inflation and create trouble for the future. We recognize, however, that recent developments with regard to economies in money use make it very difficult to ascertain how much growth in money and credit will be needed in 1976 to achieve our objectives. Substantial further economies of money use could well be realized this year; on the other hand, resumption of a more normal relationship between the growth of money balances and the growth of GNP is entirely possible.

In light of present conditions in the economy and in financial markets, the Federal Open Market Committee has projected growth ranges of the monetary aggregates for the year ending in the fourth quarter of 1976 that differ only a little from those announced previously. For M_2 and M_3, the projected growth ranges remain at 7½ to 10½ per cent, and 9 to 12 per cent, respectively. The growth range for M_1 has been widened somewhat, to a 4½ to 7½ per cent band. The lowering of the bottom end of the range takes into account, among other factors, the transfer of funds from demand balances to business savings accounts at commercial banks—a development that lowers the growth rate of M_1, but leaves unaffected the growth rates of M_2 and M_3.

The profound uncertainties that at present surround monetary developments, particularly the behavior of M_1, require a posture of exceptional vigilance and flexibility by the Federal Reserve in the months ahead. We believe that the growth ranges we have specified will prove adequate to finance a good expansion of economic activity in 1976. In shaping monetary policy, we will probably need to give more weight under present circumstances to the behavior of broader monetary aggregates than to movements in M_1. And we must certainly remain alert to the possibility that our longer-run projected ranges may need to be altered in view of ongoing changes in the financial world.

As my colleagues and I have frequently emphasized, the objectives of the Federal Reserve are to assure enough money and credit to finance a good expansion of economic activity and at the same time protect the value of the dollar. If the attainment of these objectives should, in our judgment, require a change of the monetary growth ranges that I have today specified, this committee can be sure that we shall not hesitate to do so.

Let me remind the committee, in this connection, that the growth rates of money and credit presently desired by the Federal Reserve cannot be maintained indefinitely without running a serious risk of releasing new inflationary pressures. As the economy returns to higher rates of resource utilization, it will eventually be necessary to reduce the rate of monetary and credit expansion. The Federal Reserve does not believe the time for such a step has yet arrived. But in view of the strong economic recovery that has been under way since last spring, we must be on our guard.

In closing, let me state once again that our Nation cannot achieve the goal of full employment by pursuing fiscal and monetary policies that rekindle inflationary expectations. Under current conditions, the return to full employment is likely to depend heavily on policies that will serve to reinvigorate the forces of competition and release the great energies of our people. This is why structural reforms of our economy deserve more attention from members of the Congress and students of public policy than they are as yet receiving. □

Statement by Brenton C. Leavitt, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, February 3, 1976.

I am pleased to respond to the committee's request for information concerning the adequacy and effectiveness of the examination, supervision, and regulatory functions of the Federal Reserve System. In this connection, I note that the committee indicated a particular interest in these functions as they relate to so-called "problem banks" and "problem bank holding companies."

The term "problem," as it is applied to the lists of banks and bank holding companies recently reported in the Nation's press, is an unfortunate one because in most instances it implies a more serious situation than exists. These lists are maintained internally for purposes of insuring that closer supervisory attention is given those institutions that are experiencing some areas of weakness or that have exposure to stress. Such lists are designed to aid in this process and normally contain a summary of the firm's financial condition, a brief discussion of its weakness or potential difficulty, the supervisory follow-up action taken, and the progress being achieved.

I wish to emphasize that institutions appearing on these lists are rarely in danger of failure. It should be noted that the news stories concerning these banks and bank holding companies were based on information that dealt with the condition of the banks and debtors as it appeared in the depth of this country's most severe recession since the 1930's. The picture looks much brighter now for both banks and their debtors. For the most part, the banks have identified their weaknesses, have instituted corrective action, and have clearly demonstrated the financial capacity and underlying strength to overcome their difficulties.

Having noted our belief that prospects are improved and that the problems are manageable, I do not wish to dismiss the difficulties that were encountered and to some extent still exist. Clearly, the heavy loan losses that have been reported by many major banks are an indication that the difficulties were far from slight. The nagging questions that this raises are: why did these difficulties occur, and who was responsible for them? Our staff at the Federal Reserve believes the underlying cause of the weaknesses that became apparent in the recent recession can, to a significant extent, be traced to the general economic and financial excesses of the early 1970's. These excesses, however, were by no means confined to the banking system. This was a period of rapid growth of the economy and one in which a mood of unbridled optimism prevailed. Much of American business was staffed and influenced by executives who were born in the 1940's, schooled in the 1950's and 1960's, and who had never experienced a severe economic reversal. Mistakes under such circumstances were inevitable. With the advantages of hindsight, it is clear that American business should have proceeded in certain areas with more caution than it did.

One well publicized area that has resulted in a number of troubled loans for banks is the real estate investment trust (REIT) industry. The REIT—designed to provide needed funding for housing and other real estate projects, and existing because of tax advantages bestowed by the Congress—is an example of the dangers of too much too soon. The enormous volume of funds that were pumped into the construction industry by the REIT's resulted in overbuilding in certain areas and ill-conceived projects in others. These difficulties, together with other stresses in the economy that were exacerbated by the energy crisis, were major factors accounting for the increases in the volume of troubled loans in the portfolios of some of the Nation's banks. That the bankers or the regulators, for that matter, should have had the foresight to anticipate and thus avoid all of these problems is perhaps expecting too much.

Nevertheless, the supervisory process was at work during the period of the early 1970's. Let me summarize for you the broad supervisory steps that the Federal Reserve took during this period:

> April 1973—a letter signed by Chairman Burns was sent to the Chief Executive Officer of each State member bank with deposits exceeding $100 million concerning their loan commitment policy. The letter stated in part that ". . . The apparent large volume of bank commitments currently outstanding and sharply increased takedowns thereunder are indicative of the need for special attention to this subject at this time. . . ."

> May 1973—a letter signed by Chairman Burns was forwarded to all State member banks requesting their cooperation in assuring that the rate of credit extension be appropriately disciplined. The letter stated in part "Some key segments of the Nation's economy are now growing at an unsustainable pace, thereby adding substantially to inflationary pressures. Since excessive bank loan expansion is a factor in this development, the Federal Reserve last week supplemented its previous policy actions by adopting several regulatory amendments with a view to further curbing such expansion. I am writing to you and to every other member bank today on behalf of the Board to give emphasis to these recent actions and to invite your personal cooperation in assuring that the rate of credit extension by your bank is appropriately disciplined. . . ."

> June 1973—a letter was sent by Chairman Burns to about 100 foreign-owned banking institutions in the United States. The letter requested cooperation in assuring that the rate of bank credit expansion in the United States was restrained.

> September 1974—the Board released a statement on bank lending policies that had been received from its Federal Advisory Council. The letter urged that banks discipline their lending policies so as to exclude loans for speculative purposes.

> Beginning in early 1974 and continuing through 1975, the Board began formulating policies concerning bank holding company expansion. A so-called "go slow" policy was adopted because it was believed that managerial and financial resources could often be used more effectively to strengthen the existing operations, particularly in the bank subsidiaries, some of which had experienced sharply declining capital ratios.

> In 1974 and 1975 the Board, through its statutory powers concerning applications for foreign expansion, denied a number of applications of major banks stating, in effect, that the capital of the organization should be used to support existing business rather than more expansion.

Moreover, during this time, examiners were examining individual banks and discussing with management any significant problems. When needed, examination personnel were requesting additions to capital, improvement in liquidity, and strengthening of lending policies. Governors of the Federal Reserve were speaking about these problems and urging that remedial steps be taken.

These actions obtained results. A number of banks' and bank holding companies' managements recognized their problems and realigned their lending policies to obtain more sound credit decisions; improved, to the extent possible, their liquidity positions; added to capital by slowing the rate of increase in cash dividends; added to capital funds by sale of subordinated debt; and, finally, adopted more manageable growth and expansion goals. The impact of the recent recession on the banking system would have been much more severe than it was if these actions had not been taken.

Let me now turn to the more specific areas of bank and bank holding company supervision. In discussing the Federal Reserve's supervisory role, the Committee should bear in mind that the System has direct supervisory responsibility for State-chartered banks that are members of the Federal Reserve System and Board-related responsibilities as set forth in the Bank Holding Company Act. For the purposes of our discussion today, I propose to address banks and bank holding companies separately.

Regarding banks, more specifically State member banks, the criteria for "flagging" the institution for special supervisory attention include the quality of the institution's assets, the adequacy of its capital, the strength of its earnings, its liquidity position, and the competency of its management. These considerations are reflected in what is known as a uniform rating system. A detailed description of the rating system is appended hereto.[1] It should be noted that there is considerable flexibility in the assignment of individual ratings, and factors other than those explicitly enumerated in the attached description, particularly earnings and liquidity, are considered.

At the conclusion of each examination of a State member bank, the Reserve Bank rates the condition of the bank on a scale of 1 to 4 based on information developed by the examiners. I have attached a list of ratings of State member banks examined by the Federal Reserve during the years 1971 through 1975 to the extent that the reports have been completed. The Board of Governors does not review or pass on these ratings although it does receive periodic staff reports on the condition of banks in the various categories. Banks determined to be in satisfactory condition in all major respects are given a rating of 1. About 66 per cent of the more than 1,000 State member banks qualify for such a rating.

Banks with one or more deficiencies in asset quality, level of risk assets, management strength, or liquidity, may be given a rating of 2 unless their capital position is strong enough to offset such deficiencies. Banks in this category include many sound institutions that serve their communities very well. Ordinarily, the managements of these banks respond promptly to examiner criticisms.

Category 3 includes largely those banks having a relatively high volume of loans that need careful attention. Over the past 2 to 3 years, there has been an increase in the number and especially in the size of banks placed in this category. As I mentioned, I believe the underlying cause of this increase can, to a significant extent, be traced to the excesses of the early 1970's that became apparent in the recent recession.

Category 4 includes banks with capital that has been impaired and with aggravated deficiencies present in condition and management. These banks usually require prompt and extensive attention to restore them to satisfactory condition. Only a few State member banks are so rated, less than 5 in any recent year.

While there are a number of banks that have been flagged for special surveillance, the second table illustrates that there has been a significant turnover in individual banks on the list. Since the beginning of 1970, for example, 75 banks have been removed from the special surveillance category while 107 were added. These data demonstrate that most banks, upon recognizing and identifying areas of trouble and potential trouble, are able to institute corrective action and overcome their difficulties. This is an indication of the resiliency of the banking system. We believe that it also illustrates that supervisory efforts on the part of the Federal Reserve are timely and obtain results. Moreover, as economic conditions improve, banks should be able to improve the condition of their loan accounts even more rapidly.

Although the Federal Reserve believes that recent events tend on balance to confirm the appropriateness of its supervisory policies, it nevertheless has been conducting a number of studies to develop even better means for preventing such situations from occurring and for resolving them as soon as possible. Attention has been focused on a number of issues including the following: the attenuation of bank capital produced by the rapid expansion of bank assets partly, but not entirely, induced by inflation; bank liquidity problems, particularly heavy reliance on liability management; a deterioration

[1] All attached materials are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

in the quality of bank assets; increased risk of losses in bond trading departments of banks; and, the improvement and updating of examination techniques and procedures.

As a result of these studies and recent banking developments, the Board has made several legislative proposals and has proposed changes in certain regulations. Steps have also been taken to strengthen and expedite follow-up procedures, and guidelines delineating a graduated range of alternative procedures to be implemented in correcting troublesome cases have been adopted. The steps range from early attempts at "moral suasion" to meetings of the bank supervisors with boards of directors, and, in aggravated cases, the issuance of cease and desist orders. Since 1972, the Board has issued 17 cease and desist orders. The orders have dealt with such problems as deficiencies in loan collection policies, excessive dividends, insider dealings, unsound securities transactions, and so forth.

Turning briefly to the area of bank holding company supervision, I would like to note that the difficulties that have been experienced here are interrelated with bank problems but are also unique in some respects. Although there have been a number of acquisitions of nonbank entities by bank holding companies since the 1970 amendments to the Bank Holding Company Act, in terms of assets or earnings, holding companies, for the most part, are overwhelmingly dominated by their banks.

The Board's interest in bank holding companies is twofold. First, since it is responsible for determining permissible activities, it has a particular interest in the financial soundness of these new ventures and their impact on the over-all stability of the banking system. Secondly, the Board also has responsibility for general oversight of bank holding companies and for considering the financial and managerial resources of individual holding companies in connection with action on applications submitted. In connection with these various responsibilities, the Federal Reserve has undertaken efforts to monitor the financial condition of bank holding companies and their nonbank subsidiaries.

The primary considerations in "flagging" a bank holding company for special surveillance and monitoring include: the condition of its subsidiary banks; the ability of the parent holding company and its nonbank subsidiaries to meet their cash needs; and the asset condition of significant nonbank subsidiaries as well as the impact of the operations of these entities on the over-all profitability of the organization.

The analytical process focuses on the impact of the parent bank holding company and the nonbank subsidiaries on the subsidiary bank. Experience has indicated that there are three potential hazards. The first relates to the public's identification of the holding company and the nonbank subsidiaries with an affiliated bank and the adverse impact that failure of a nonbank subsidiary may have on the public confidence in the bank. The second arises from the risk that strains in the nonbank subsidiaries and holding company may result in the transfer of inferior assets from the nonbank subsidiaries or parent bank holding company into the bank. The third results from the excessive dependency of the bank holding company upon the subsidiary banks for needed cash flow, generally in the form of dividends.

With respect to the second concern, the Board recently asked the Presidents of the Reserve Banks to forward a letter to the Chief Executive Officer of each bank holding company, noting that the sale of assets from a nonbank subsidiary to a bank could be a violation of Section 23(A) of the Federal Reserve Act. The letter is attached for the committee's information.

The third potential problem is exacerbated by the existence of excessive debt in the holding company, which may cause unduly large dividends to be paid by the bank—to its own detriment. One method that may contribute to such a condition is a technique called "bootstrapping." Briefly, "bootstrapping" is a process whereby the holding company, with the proceeds of loans that are generally secured by stock of the subsidiary banks, purchases its own shares, thereby reducing its net worth and increasing its debts. On December 11, 1975, the Board published for comment a proposed amendment to its holding company regulation designed to deal with this specific problem. A copy of that proposed amendment is attached.

The Board believes that the bank holding company should serve as a source of strength for its subsidiary banks. In those few cases where the operation of the bank holding company constitutes a threat or potential drain on the strength of the bank, as I outlined above, that holding company is designated for special surveillance.

In January 1975, 35 separate bank holding companies were included on the Federal Reserve's list of bank holding companies receiving more than normal supervisory attention. With respect to individual companies included in the January 1975 report, improvement in the economy and management's awareness of their respective problems as well as the implementation of corrective programs have ameliorated many of the adverse conditions indicated in that report.

At the present time, the Board's staff is monitoring the condition of 63 bank holding companies, some of which were included in the January 1975 report. While the total number of companies has increased, it should be remembered that improvement relating to certain types of loans and to certain regional economies typically lags behind recovery in the national economy. Therefore, we feel confident that continued improvements in the national economy and vigorous supervision will result in a reduction in the number of holding companies requiring supervisory attention.

In discharging its responsibilities as outlined in the Bank Holding Company Act, the Board has at its disposal a number of supervisory tools, which can be employed to meet specific objectives. Perhaps the most effective supervisory measure available to the Board is its statutory authority to permit or deny bank holding company acquisitions and expansion. Denial of applications or conditioned approvals have proven to be valuable in achieving correction of troublesome bank holding company situations.

In addition to the applications process, the staff of the Federal Reserve meets with selected holding company managements to discuss unsatisfactory trends and to review progress under corrective programs that are in place. In some five cases where it was deemed warranted, the Reserve Bank has entered into agreements in writing with holding companies. Such agreements set forth certain conditions and outline corrective measures. In aggravated cases, the Board has also used its authority under the Financial Institutions Supervisory Act. Since it received such authority in 1974, the Board has taken ten cease and desist actions against bank holding companies.

We believe that the present remedies available to the Federal Reserve are sufficient to effect correction in the most troublesome areas. Nevertheless, as a result of a continuous review of the bank holding company movement and its effect on the banking system, we fully expect that, from time to time, the Federal Reserve will seek new legislation designed to deal with the changing environment. One item of legislation that would be especially helpful would be authority to assess civil penalties for violations of the Bank Holding Company Act. That and other legislation was recommended to Senator McIntyre by Chairman Burns in his letter of September 5, 1975.

In conclusion, let me reiterate that while there are banks and bank holding companies in the United States with some fairly serious asset problems, we believe that both banks and bank holding companies have demonstrated the capacity to correct these difficulties given a reasonable period of time. Furthermore, we believe that supervisory efforts of the Federal Reserve prevented the development of more serious situations and have helped to prompt the remedial actions now under way. □

Additional statements follow.

Statement by Brenton C. Leavitt, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, February 4, 1976.

Mr. Chairman and members of this distinguished committee, it is indeed an honor for me to appear before this committee on behalf of the Board of Governors of the Federal Reserve System. As I understand my function here today, it is to share with you some experiences the Board has had in its regulatory capacity. Specifically, I will be commenting on a portion of Section 3(a) of the proposed Competition Improvements Act of 1975. The Board has submitted its views on all sections of the legislation in a separate report to Senator Eastland. I do not intend my remarks to be for or against passage of the proposed Act, but hope to be of service to the legislative process by sharing our experience with statutory frameworks that are very similar to one part of Section 3(a) of the Competition Improvements Act.

Section 3(a) of the proposed Act requires that ". . . no agency shall take any action . . . the result or effect of which may tend to create or maintain a situation inconsistent with the policies or provisions of the antitrust laws unless it finds that . . . the anticompetitive effects are clearly outweighed in the public interest by significant and demonstrable benefits to the general public. . . ." Since their amendments in 1966, the Bank Merger Act and the Bank Holding Company Act have mandated the Board of Governors to operate under a similar standard: "The Board shall not approve any acquisition or merger or consolidation under this section which would . . . be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." In addition, the 1970 amendments to the Bank Holding Company Act authorized the Board to pass on certain "nonbank" acquisitions by bank holding companies. The Bank Holding Company Act, as amended in 1970, instructs the Board that: "In determining whether a particular activity is a proper incident to banking or managing or controlling banks the Board shall consider whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as . . . decreased or unfair competition. . . ." Thus, the Federal Reserve Board has had firsthand experience in applying a statutory standard which, like Section 3(a) of the proposed Competition Improvements Act of 1975, requires the balancing of anticompetitive effects against other public interest considerations.

I think it may be helpful to note at this point that although the Board balances positive and negative factors in reaching the typical administrative decision under the Bank Holding Company Act, the Board has no authority to apply a balancing test to the most extreme anticompetitive situation—that is, where the proposed acquisition would result in monopoly. Section 3(c) of the Bank Holding Company Act says flatly that:

> The Board shall not approve any acquisition or merger or consolidation under this section which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. . . .

Thus, if the Board were ever presented with an acquisition proposal that would result in monopoly or a conspiracy or attempt to monopolize, it would not be free to balance these harsh anticompetitive effects against positive convenience and needs factors. Generally, the Board understands its role in balancing the issues to mean that significant anticompetitive effects—short of monopoly—must be clearly overcome by substantial and demonstrable public interest considerations.

During the 10-year period 1966 through 1975, the Board and the 12 Federal Reserve Banks decided over 2,300 banking cases. Approximately 500 of these cases were decided by the Reserve Banks under authority delegated to them by the Board beginning in 1972. These cases involved the formations of bank holding companies, the acquisitions of additional banks by existing bank holding companies, and certain mergers between banks. In denying 163 of these applications, it was the Board's judgment that other public interest factors did not outweigh likely anticompetitive effects or unsound banking and financial situations. These denials also served as a useful way of communicating to the industry the types of cases that would not satisfy the public interest criteria of the statutes. The Board also believes that, on balance, the public interest was served by approval of the large number of applications during the 10-year period. As evidence tending to show that these approved banking cases did not have net anticompetitive effects, it should be noted that only 17 of approximately 2,200 cases approved by the System were subsequently challenged by the Justice Department as violative of antitrust laws. Moreover, of the six cases that were tried, none resulted in a judicial determination that the antitrust laws had been violated. It would appear from these figures that during the 1966–75 period, banking cases were decided by the Board in a manner consistent with antitrust standards. This record was achieved within the framework of statutes that mandate a balancing of competitive and other public interest factors. A similar balancing approach is proposed in the Competition Improvements Act of 1975.

The Federal Reserve System has also made a large number of decisions in "nonbank" cases. These cases include bank holding company acquisitions of mortgage banking companies, consumer finance companies, and other "nonbank" companies pursuant to the amended Bank Holding Company Act. As mentioned earlier, the 1970 amendments require the Board to weigh expected public benefits against possible adverse effects, including decreased or unfair competition. During the 5-year period 1971 through 1975, the System approved approximately 2,100 and denied 45 "nonbank" acquisitions. It should be noted at this point that over 1,600 of these "nonbank" cases were approved by the Reserve Banks under delegated authority and involved the establishment of *de novo* offices rather than the acquisition of going concerns. To the Board's knowledge, none of the approved acquisitions has been challenged as violative of antitrust law. On the basis of the record, it would appear that the "nonbanking" cases were decided in a manner consistent with antitrust and public interest standards.

The Board also wishes to comment on the nature of the convenience and needs factors and public benefits that it has taken into consideration pursuant to its statutory mandates. The Board believes that such public interest factors have been substantial, and thus further illustrate that the balancing-of-interests approach, which is proposed in Section 3(a) of the Competition Improvements Act, may be an important administrative tool in serving the public interest.

Some of the specific benefits claimed by applicants are: (1) the introduction of new banking or nonbanking services to a community, (2) increases in banking hours and banking days, (3) the introduction or upgrading of electronic data processing facilities, (4) the lowering of service charges or prices on bank and nonbank product lines, (5) the upgrading of managerial resources, (6) increases in capital, and (7) the opening of new offices. These examples are offered in support of the Board's view that public interest factors have real substance and are thus appropriate considerations in the regulatory process. Moreover, the Board and its staff analyze all claimed public benefits to determine their substance and their relevance to the affected communities. For a more detailed examination of the nature and importance of public interest factors in the Board's regulatory process, I offer for the record three papers that originated within the Federal Reserve System in past years.[1]

[1] Brenton C. Leavitt, "What the Fed Likes to See in an Application," speech presented at a conference on "The Emerging Ground Rules for Bank Expansion," sponsored by *The Bankers Magazine* and *Banking Law Journal*, Washington, D.C., Dec. 10, 1973; M. Jessee and S. Seelig, "An Analysis of the Public Benefits Test of the Bank Holding Company Act," *Monthly Review* of the Federal Reserve Bank of New York (June 1974); and Jeffrey M. Bucher, "Public Interest Factors and the Bank Holding Company Act," speech presented to the Bank Counsel Seminar of the California Bankers Association (Santa Barbara, California, Apr. 26, 1974).

Statement by Robert C. Holland, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, February 5, 1976.

I am pleased to appear before this committee on behalf of the Board of Governors of the Federal Reserve System to review the System's performance in supervising the banking institutions under its jurisdiction. I know that the committee is particularly interested in how banks experiencing financial difficulty are identified and treated by the regulatory agencies.

As we are all aware, there have been a number of unauthorized disclosures and much comment recently in the press about banks and bank holding companies that have been placed on the so-called "problem" lists by the supervisory authorities. Indeed, such disclosures, to some extent, prompted these hearings and are responsible for my being here before you today. The Board, therefore, welcomes this opportunity to assure the committee and the American public that the U.S. banking system remains sound and that the Federal Reserve has been responsive to its supervisory responsibilities with respect to the more than 1,000 State member banks in our system.

However, before beginning my discussion of the specific areas in which the committee has expressed an interest, I wish to make a few brief comments about the lists of so-called "problem banks" and "problem bank holding companies." As many of the representatives from the regulatory agencies have been quick to point out, the term "problem" as it relates to these institutions is an unfortunate one in that it implies to the public a more severe condition than actually exists in most cases. The majority of banking organizations appearing on the lists maintained by the Federal Reserve are institutions that have encountered some difficulties and that have been identified as being in need of more than the usual degree of supervisory attention and monitoring. But, *these institutions are not in imminent danger of failure.* On the contrary, most have identified their problems, have demonstrated the capacity to overcome them, and are making substantial progress. These positive steps, coupled with the improving trend in economic activity and the substantial reduction in the rate of inflation that is being achieved, make the prospects for the future of the economy, and, therefore, the banking system, brighter than has been the case for some time.

While we believe that the Nation's banks are generally well able to cope with their loan and asset problems, we do not wish to treat lightly the difficulties that were encountered and that, to some extent, still exist. The seeds of these difficulties were sown in the early 1970's when the banking system and the economy were growing at unsustainable rates. With the advantage of hindsight, it is clear that there were a number of mistakes made during this period.

Among those mistakes were: the overstimulation of the construction industry brought about to a significant degree by the proliferation of real estate investment trusts (REIT's); the failure to recognize and prepare for the impending energy crisis; the inadequacy of fiscal planning among many of the Nation's cities and political subdivisions; and, finally, the establishment of growth rather than quality goals by some banking institutions. It is quite clear that these mistakes are the underlying cause of the heavy volume of troubled loans and investments in the portfolios of some of the Nation's banks. To suggest that bankers themselves or the bank supervisors should have had the foresight to anticipate all of the problems and thus avoid them is to expect a great deal, especially in the climate of unbridled optimism that prevailed at the time.

By way of caveat, it would be unfair if I did not point out that some of the growth of the banking system that took place during this period resulted from inflationary pressures. In our environment of double-digit inflation, for example, many public utilities and others turned to the banking system when they were unable to obtain needed funding from internal sources or through the capital markets. To their credit, many banks, though already feeling the pressure of excessive loan demand, met these needs. These actions aside, however, there were clearly some excesses.

The Federal Reserve did recognize fairly early the hazards of the speed and direction in which financial institutions were moving. A number of supervisory steps designed to slow and focus banking growth were taken. Those steps included:

> April 1973—a letter signed by Chairman Burns was sent to the Chief Executive Officer of each State member bank with deposits exceeding $100 million concerning their loan commitment policy. The letter stated in part that ". . . The apparent large volume of bank commitments currently outstanding and sharply increased takedowns thereunder are indicative of the need for special attention to this subject at this time. . . ."

> May 1973—a letter signed by Chairman Burns was forwarded to all State member banks requesting their cooperation in assuring that the rate of credit extension be appropriately disciplined. The letter stated in part "Some key segments of the Nation's economy are now growing at an unsustainable pace, thereby adding substantially to inflationary pressures. Since excessive bank loan expansion is a factor in this development, the Federal Reserve last week supplemented its previous policy actions by adopting several regulatory amendments with a view to further curbing such expansion. I am writing to you and every other member bank today on behalf of the Board to give emphasis to these recent actions and to invite your personal cooperation in assuring that the rate of credit extension by your bank is appropriately disciplined. . . ."

> June 1973—a letter was sent by Chairman Burns to about 100 foreign-owned banking institutions in the United States. The letter requested cooperation in assuring that the rate of bank credit expansion in the United States is restrained.

> September 1974—the Board released a statement on bank lending policies that had been received from its Federal Advisory Council. The letter urged that banks discipline their lending policies so as to exclude loans for speculative purposes.

> Beginning in early 1974 and continuing through 1975, the Board began formulating policies concerning bank holding company expansion. A so-called "go slow" policy was adopted because it was believed that managerial and financial resources could often be used more effectively to strengthen the existing operations, particularly in the bank subsidiaries, some of which had experienced sharply declining capital ratios.

> In 1974 and 1975, the Board through its statutory powers concerning applications for foreign expansion, denied a number of applications of major banks stating, in effect, that the capital of the organization should be used to support existing business rather than more expansion.

Moreover, during this time examiners were examining individual banks and discussing with management any significant problems. When needed, examination personnel were requesting additions to capital, improvement in liquidity, and strengthening of lending policies. Governors of the Federal Reserve made public addresses about these problems and urged that remedial steps be taken.

These actions obtained results. A number of banks' and bank holding companies' managements recognized their problems and realigned their lending policies to obtain better credit decisions; improved, to the extent possible, their liquidity positions; added to capital by slowing the rate of increase in cash dividends; added to capital funds by sale of subordinated debt; and, finally, adopted more manageable growth and expansion goals. The impact of the recent recession on the banking system would have been much more severe than it was, if these actions had not been taken.

I would be remiss if I did not point out that the banking system, to its credit, is making good progress in working its way out of these difficulties without the benefit of massive Government assistance. As you may recall, there was considerable discussion this past year about the need for establishing a Reconstruction Finance Corporation (RFC) program to provide assistance to troubled firms in a variety of industries and activities that had borrowed in excess of their debt servicing capacities. This does not seem necessary now since the banks have demonstrated their capacity to arrange for orderly workout of loans in many problem cases, and, where this was not possible to absorb the necessary losses through earnings power and still continue as viable, sound institutions.

Let me turn now to the more specific areas in which the committee has expressed an interest. I have submitted, for the record, information concerning the details of some of the procedures, tests, and methodology employed in the examination of a bank for which the committee made inquiry. For the purposes of this testimony, however, I will touch on the broader aspects of bank supervision, will bring the committee up to date on what we are doing to improve it, and discuss some of our broad areas of concern.

In the process of identifying those banks that are in need of more than the usual degree of supervision or monitoring, consideration is given to the quality of the bank's assets, the adequacy of its capital, the strength of its earnings, its liquidity position, and the competency of its management. Although there are benchmark measurements for some of these factors, as illustrated in the attached description of the uniform system for rating banks,[1] considerable judgment by individuals with years of experience is brought to bear in the final decision as to whether or not a particular institution should be considered as warranting special surveillance. The determination of the need for special surveillance may be based on the presence of an existing or a potential problem.

At the conclusion of each examination of a State member bank, the Reserve Bank rates the condition of the bank on a scale of 1 to 4, based on information developed by the examiners. I have attached a list of ratings of State member banks examined by the Federal Reserve during the years 1971 through 1975 to the extent the reports have been completed. The Board of Governors does not review or pass on these ratings although it does receive periodic staff reports on the condition of banks in the various categories. Banks determined to be in satisfactory condition in all major respects are given a rating of 1. About 66 per cent of the more than 1,000 State member banks qualify for such a rating.

Banks with one or more deficiencies in asset quality, level of risk assets, management strength, or liquidity, may be given a rating of 2 unless their capital position is strong enough to offset such deficiencies. Banks in this category include many sound institutions that serve their communities very well. Ordinarily, the managements of these banks respond promptly to examiner criticisms.

Category 3 includes largely those banks having a relatively high volume of loans that need careful attention. Over the past 2 to 3 years, there has been an increase in the number and especially in the size of banks placed in this category. As I mentioned, I believe the underlying cause of this increase can, to a signficant extent, be traced to the inflationary excesses of the early 1970's that became apparent in the recent recession.

Category 4 includes banks with capital that has been impaired and with aggravated deficiencies present in condition and management. These banks usually require prompt and extensive attention to restore them to satisfactory condition. Only a few State member banks are so rated, less than five in any recent year.

While there are a number of banks that have been flagged for special surveillance, there has been a significant turnover in individual banks on the list. Since the beginning of 1970, for example, 75 banks have been removed from the special surveillance category, while 107 were added. These data demonstrate that most banks, upon recognizing and identifying areas of trouble and potential trouble, are able to institute corrective action and overcome their difficulties. This is an indication of the resiliency of the banking system. We believe that it also illustrates that supervisory efforts on the part of the Federal Reserve are timely and obtain results. Moreover, as economic conditions improve, banks should be able to improve the condition of their loan accounts even more rapidly.

We also note the committee's interest in the foreign activities of U.S. banks. This is an area of increasing importance, as evidenced by the fact that assets of foreign branches of U.S. banks increased from $47 billion in December 1970 to more than $166 billion by September 1975. As further evidence of the increased volume of foreign activities by U.S. banks, a few of the larger banking institutions of the United States reported that upwards of one-half of their total income last year represented income from

[1]All attached materials are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

foreign activities. Clearly, this is an appropriate area of inquiry for the committee.

The condition of every overseas branch of a State member bank is reviewed during the annual examination of the bank. This review takes two forms: either it is conducted exclusively at the head office based on the reports and information there; or, head office records are scrutinized in connection with an on-site examination of the foreign branches. Whether conducted at the head office or on-site, the methodology in reviewing the operations of foreign branches is fundamentally the same as that employed for domestic offices. Federal Reserve examiners conduct a careful review of loans and other risk assets to determine their collectibility. Of equal importance is a review of audit reports to determine the range and effectiveness of the internal controls in place at the overseas branches and to ascertain the scope and accuracy of the data forwarded to the head office for management and supervisory use.

Emphasis is still concentrated on scrutiny of head office records since, in Federal Reserve experience, an understanding of the operations of overseas branches necessarily involves the head office. While credits are on the books of overseas branches, they may well have been negotiated and concluded at the head office and supervision of the credit may be the responsibility of the head office. In addition, the senior lending officers who approve major credits and formulate the bank's lending policies are usually located at the head office. The examiners need to review reports from the overseas offices at the head office where they can determine how branch operations mesh into the bank's over-all operations and reporting systems and where they can determine how head office management exercises control and supervision over the foreign branches.

Periodically, examiners are sent to the principal overseas branches of State member banks in order to gain first-hand experience with branch records, the market conditions in which they operate, and with local branch management. While at the branch, the examiners also try to satisfy themselves that the credit, operating, and audit reports sent to the head office are accurate and complete. Information obtained at the branches is then compared with that at the head offices. This forms another basis for discovering deficiencies in internal reporting and management systems, which can then be called to the attention of senior management for correction.

When on-site examinations are conducted, an area of operations given particularly close attention is money market and foreign exchange trading. The internal controls in place in this area are carefully scrutinized so as to insure that unauthorized transactions or losses do not go undetected. The records of past transactions are reviewed to determine that they were within the guidelines established by senior management and that exceptions to bank policies were reported to responsible bank officials.

The character of overseas branch banking is changing rapidly. As the volume of business has grown, American banks have found it necessary to delegate greater credit and operational authority to officers in the overseas branches. As a result, information at the head offices on many borrowers at the branches is no longer so current and complete. Because of this and the generally increased complexity of international operations, supervisory practices within the Federal Reserve System are being reviewed and revised. While scrutiny of banks' foreign branches from head office records will continue, it is clearly recognized that more frequent on-site examinations of foreign branches may be required. Some will be general in scope; others, confined to specific segments of branch operations.

In some countries, of course, laws prevent on-site examinations. For the branches in these countries, supervision will necessarily be centered on assuring that sufficient information is obtainable at head offices where it can be reviewed by examiners. Over the longer run, international cooperation among banking authorities may result in different ways of mitigating this problem.

We have submitted, for the record, a table indicating the coverage of on-site examinations of foreign full service branches of State member banks in the years 1971–75. Other foreign branches were not ignored during these years; rather, their activities were reviewed at the banks' head offices, as explained earlier.

I wish to briefly discuss bank holding companies and the Board's action with respect to its responsibilities under the Bank Holding Company Act. Although there have been a large number of acquisitions of nonbank entities by bank holding companies since the 1970 amendments to the Bank Holding Company Act, it should be remembered that bank holding company organizations, for the most part, continue to be overwhelmingly dominated by their banks. The Board, however, recognizes that some of the bank-related industries, most notably mortgage banking, have resulted in difficulties for a few holding companies. In response to these and other developments, the Federal Reserve has stepped up its monitoring and surveillance efforts.

In discharging its responsibilities as primary regulator of bank holding companies, the Federal Reserve has at its disposal a number of supervisory tools that can be employed to meet specific objectives, although fewer than the Congress has provided for dealing with banks. These range from "moral suasion" to denial of applications and, in aggravated cases, issuance of cease and desist orders.

We believe that the present remedies available to the Federal Reserve are sufficient to effect correction in the most troublesome areas. Nevertheless, as a result of continuous review of the bank holding company movement and its effect on the banking system, we fully expect that, from time to time, the Federal Reserve will seek new legislation designed to deal with the changing environment. One item of legislation that would be especially helpful would be authority to assess civil penalties for violations of the Bank Holding Company Act. That and other legislation was recommended to Senator McIntyre by Chairman Burns in his letter of September 5, 1975.

In pointing up some of the difficulties that a few bank holding companies have encountered, I do not wish to minimize the strengths of many and the contributions that have been made. The bank holding company movement has resulted in improved competition in certain sectors; has caused an increase in levels of service in some areas thereby better meeting the convenience and needs of the public; has provided the vehicle for raising capital needed by the subsidiary banks; and has resulted in better management of some banks, particularly smaller institutions. The Board believes that the bank holding company movement, on balance, has been in the public interest if all factors are taken into account.

Finally, I would like to turn to the very difficult subject of disclosure. Some argue that bank examination reports should be in the public domain, citing fears that financial institutions are protected by a cloak of secrecy. This is just not so. The fact is that the banking system is one of the most highly regulated industries in the United States. Disclosure requirements for banks are very extensive. Banks, by statute, are required to file with the supervisory agencies and to publish in the local press a quarterly Report of Condition. It should be noted that supervisory agencies are in the process of expanding the information contained in this and other reports that are available to the public. In addition to these sources of information, most of the large bank holding companies are registered with the Securities and Exchange Commission and are subject to reporting requirements under the Securities Exchange Act. As anyone who has leafed through a 10–K report is aware, the disclosure requirements are vast. Still more information is available on individual banks in the prospectus that is filed whenever new capital is publicly marketed and in reports filed with Federal bank regulators under the securities laws. In addition, the long-term debt of many bank holding companies is rated by the rating services and much data and analyses are available from market analysts. We favor still more disclosure, but of standard information of the type revealed by other corporations, not confidential examination data.

There is no dearth of information concerning the activities of America's banks. The issue, therefore, is not one of disclosure, per se, but is the much more narrow issue of the desirability of disclosure of supervisory reports. The examination process is one that has evolved over a number of years and many of the practices and procedures are time tested. The bank examiner has free access to all of the bank's records, and most bankers, recognizing the confidentiality of their remarks, discuss very candidly the bank's most intimate affairs with the examiner.

Disclosure of the examiners' reports would undoubtedly change the candid relationship between the banker and the examiner and thus change the examination process itself. We should carefully consider whether or not we are prepared to risk these changes, particularly in light of the fact that these processes and procedures have served both the banking system and the public well for a number of years.

With respect to the specific disclosures to which I referred in my opening remarks, I believe it is too early to assess the impact of such revelations on those organizations and possibly on public confidence in the banking system. It would be extremely unfortunate if the reputations of those institutions are tarnished to such an extent as to interfere with their ability to effectively complete the corrective actions that they now have under way. In the long term these disclosures could prove to be counterproductive to the interests of the banking system and to the Nation's economic recovery. ❑

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, February 6, 1976.

It is a privilege for me to appear before this committee today. First of all, let me take this occasion to commend the work achieved last year by the Budget Committees. The implementation of the new Congressional Budget Act, I believe, is off to an excellent start. The growing acceptance of your new procedures will help the Congress to consider the Federal budget as a whole and to evaluate its economic implications. Your committee is playing a vital part in this accomplishment of great importance to the American economy.

Over the last 9 months the U.S. economy has again demonstrated its capacity to recover from economic adversity. The vigorous pace of the recovery is indicated by the nearly 9 per cent average annual rate of growth in real GNP that occurred during the second half of last year. This is the fastest growth rate in any half-year period since the cyclical upturn in late 1958. The recent growth in economic activity was accompanied by a 2.1 million increase in total employment from the low point reached last March. *Nevertheless, the rate of unemployment* in January remained at the distressingly high level of 7.8 per cent. In part the slow progress in reducing unemployment reflects a 1½ per cent increase in the labor force during 1975, considerably in excess of historical precedent for this stage of the business cycle. Families' real incomes and savings had been eroded by inflation, and efforts to bolster them helped to increase the number of persons seeking jobs.

The recent gains in economic activity have been based on expanding demands in most areas of the economy. Increases in employment and reduced tax burdens last year raised real disposable income for the first time since 1973, and thus supported higher aggregate consumption. Most recently, high retail sales during the Christmas season and continued large consumer purchases in January gave evidence of underlying strength in this sector. Housing, as you know, has also staged a substantial recovery, especially for single-family units. Activity in this sector started from such a low point, however, that residential construction still is relatively weak. The continuing high volume of exports, despite reduced economic activity abroad, indicates a new competitiveness for American goods and services, and bodes well for rising demands from this source in the future.

Changes in business inventory investment strongly interacted with movements in final demands during 1975 and accounted for a large portion of the cyclical swing during the year. *Data for the fourth quarter indicate that the huge* inventory liquidation that depressed economic activity in the first half of the year has about run its course. In many lines of nondurable goods, inventory/sales ratios are close to historic lows and inventories of these products are generally being replenished. Stocks of durable goods are still being reduced, but over all the prospects are for a return to inventory accumulation during 1976.

Investment in plant and equipment, while sharply reduced during the recession, showed its first increase in real terms last quarter. Such increases are likely to gain momentum as higher levels of economic activity make their impact on business sales. I am aware of the very cautious investment plans reported for 1976 in the December Commerce Department survey, but I think it most likely that businessmen will revise their plans upward on the basis of favorable sales and profits experiences as has happened in prior cyclical recoveries.

State and local governments as a group continued last year to increase moderately their purchases of goods and services in real terms. This happened despite the well-known financial difficulties of some individual units. Employment in this sector, moreover, rose 5 per cent from its 1974 average, partly reflecting Federal inducements to public service employment.

On the price side, some moderation was achieved last year. Nevertheless, progress in reducing inflation has been disappointing, considering the extent of slack in the economy. The current rate of inflation, broadly viewed, appears to be on the order of 7 per cent a year. While this represents a very sizable reduction from the 12 per cent inflation rate in late 1974, a significant part of the moderation during this period has been due to diminishing pressures in special areas, such as oil, farm products, and other raw materials. Moreover, a great deal of the reduction in the pace of inflation occurred in the first half of 1975. More recently there has been a disturbing pick-up in prices of industrial commodities at the wholesale level. From now on, further reductions in the rate of inflation will be more difficult to achieve because prices will tend to reflect unit labor costs. While increases in labor compensation moderated somewhat during 1975 to around 8 per cent, they were still far above the pace of long-term productivity gains. This upward pressure on wages has been indicative of an effort to maintain real incomes in the face of still substantial price advances. Thus wages and prices continue to push each other up.

Real wage increases, over time, will tend to match productivity gains. Good increases in productivity should accompany a sustained recovery. The resultant pronounced improvement in real wages should lessen nominal wage demands. This would permit a winding down of the wage–price spiral.

More generally, prospects for continued deceleration of inflation depend on avoiding renewed overheating of the economy. The consensus view now is that recovery will proceed at a moderate rate through this year. This will help to avoid the rekindling of inflationary pressures. Diminishing inflation will be an essential factor in sustaining the expansion over a prolonged period.

In evaluating the outlook for private spending, it is relevant to consider the progress that has been made in correcting the serious financial imbalances carried over from the late 1960's and early 1970's. These arose as a consequence of accelerating inflation and the rising interest rates that inevitably grew out of that pattern of price behavior. Household wealth in real terms was reduced, as the purchasing power of fixed dollar claims declined and as common stocks lost value even in terms of current dollars. Business cash flow was impaired because bookkeeping profits—reflecting inventory gains and underdepreciation—occasioned higher taxes, without providing spendable funds to business. The unbalanced financial position of many enterprises limited their ability to finance capital expansion by borrowing, while at the same time it became more difficult to build equity, whether by selling new shares or by retaining earnings.

To overcome these financial injuries, businesses and households worked hard last year at rebuilding liquidity and net worth. Household saving rates remained well above historic levels, while businesses used the funds obtained through heavy borrowings in long-term markets to retire a large amount of short-term debt. They also limited their capital expenditures to levels nearly matching internally generated funds. Financial institutions, including banks, went through a similar process of improving their liquidity and their capital positions.

Over time, successful financial restructuring may accelerate household and business spending. In order to improve their financial position, these units may have postponed purchases of durables and capital equipment. Once they feel more comfortable financially, they may well be disposed to make up these backlogs. That possibility imparts an underlying strength to the economic outlook. It also poses a risk, however, that spending could accelerate unduly as the economy approaches higher levels of capacity utilization. This outlook reinforces the case for a policy of moderation in the ongoing expansion.

The main task of over-all fiscal policy in promoting and protecting a sustainable recovery, under the circumstances, is to bring down the massive current Federal deficit. A fiscal posture appropriate to the requirements of such a recovery will also serve to maintain balance in financial markets. As recovery progresses, these markets will need scope to supply funds that match the expanding needs of private borrowers. An excessive deficit would run the risk, first of once more generating excessive expansionary pressures and eventually, if interest rates should be driven up through competition for funds, bringing the expansion to a premature end. The budget proposed by the President plans a substantial diminution of the present large deficit, and thus meets the need to move toward budgetary balance. In terms of the hypothetical budget that would obtain if the economy were operating at full employment, the present substantial deficit is expected to shift, in the course of fiscal year 1977, to a small surplus.

Apart from these comments on the over-all budget stance, I would also like to react to the concept of curtailing budget expenditures and cutting taxes by matching amounts. Even though economists generally maintain that such simultaneous cutbacks on both sides of the budget tend to be dampening rather than neutral with respect to economic activity, this negative effect is minimized in the budget proposals because a substantial portion of the spending restraints occur in the area of transfer payments rather than in that of purchases of goods and services. Restraint on Government transfer expenditures is not likely to restrain the expenditures of the beneficiaries by quite the same amount. On the other hand, taxes foregone by the Government are not likely to raise taxpayers' spending by a fully equal amount. The effects on over-all activity of the proposed matching spending and tax cuts, therefore, are likely to be small. Given this, the merits of the proposals need to be judged on grounds of the support they would lend to the long-term strength of our economy rather than on their short-run effects on economic activity.

I now would like to turn to monetary policy. In the present expansion the aims of monetary policy have been to help provide the needed financial support for recovery and to contribute to the rebuilding of liquidity, which was essential for the resumption of sustained economic growth. At the same time, monetary policy has sought to avoid actions that could supply the financial tinder for a new burst of inflation. We believe that these have been the appropriate policy objectives, and the Board would favor continuing to steer a middle course that seeks to fulfill these principal goals.

Since the spring of last year, as you know, the Federal Reserve has been formulating its policy orientation for a year ahead in terms of ranges for broad monetary aggregates and has been reporting these to the Banking Committees of each house.

The Federal Reserve has always maintained that targets of this nature must be subject to review and administered with flexibility. At the present time, these considerations are more important than usual due to the difficulty that we have experienced in recent months in interpreting the meaning of the sluggish growth of M_1. The selection of growth rates of monetary aggregates as objectives rests on the presumption of substantial regularities in the holdings of these assets by the public as related to other economic conditions. As Chairman Burns described in his recent testimony, some of the relationships—previously reasonably predictable—among money supply, GNP, and interest rates appear to have changed over the last year. Rapidly spreading new financial practices have led to substantially increased efficiencies in the use of checking accounts and seem to have permitted a very modest expansion in M_1 during the second half of last year to support a large increase in GNP, even while short-term interest rates were declining.

The proper growth path of the monetary aggregates will need to be appraised carefully as the year progresses. Economies in the use of money could spread further this year. But reestablishment of more traditional relationships among the narrowly defined money supply, GNP, and interest rates is also conceivable. In view of these uncertainties, it seems appropriate to give increased emphasis to the broader monetary aggregates as well as to credit conditions in gauging the stance of monetary policy.

In evaluating the current monetary target ranges it is important to note that these ranges are well above the long-term monetary requirements of a noninflationary economy. They are larger because weight has been given to the short-run needs for economic recovery and to the financial demands generated by recent increases in nominal GNP.

A due concern with the long-run outlook requires policy-makers to consider also the important decisions that will have to be made with respect to the division of output of our economy between consumption and investment. Specifically, I share the concern, voiced by others, that insufficient resources may be devoted to productive investment in years to come. Further, I believe that the Congress, as it decides tax and spending policies, will have an important role in determining whether and how severe a capital shortage may develop.

Several developments would seem to imply enlarged capital needs in coming years. Among them is the need for reduced pollution and for more investment in industrial health and safety. Higher energy prices have made investment in domestic energy production more economically feasible and have provided many incentives for U.S. households and industry to invest in means of economizing on energy usage. Finally and most importantly, the need to provide jobs for a growing labor force will require a considerable expansion of productive capacity. This need for greater capacity was underscored by the bottlenecks encountered in many industries in 1973 and 1974.

The financial and real resources needed to bring about higher rates of private investment in an economy approaching high capacity utilization will have to come from higher rates of saving. It is not certain that private saving will be adequate, particularly if saving rates return to more traditional levels. The Federal Government thus may be called upon to play a vital role in bridging the gap between private saving and desirable levels of investment.

This could be accomplished if the Federal Government were to achieve a surplus in its budget as the economy approaches full employment. A budget surplus is a form of Government saving that would make resources available for use in the private sector. With the Federal Government a net supplier of funds to the credit market, rather than a net user, there would be downward pressures on interest rates. More credit would be available to businesses, homeowners, and consumers. The channelling of this increased supply to finance investment would be facilitated by tax devices such as the deferral of the tax on personal income devoted to equity acquisitions proposed by the President that would encourage the issuance of capital stock by corporations.

Long-range budgetary policy is then seen to take on added importance. As we leave recession behind us, the full employment status of the budget will be a key determinant of interest rates. It will have a stong impact on the availability of capital to meet our needs. As you review the 5-year projection of the budget, I urge you to keep these long-run needs in mind.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON DECEMBER 16, 1975

Domestic Policy Directive

The information reviewed at this meeting suggested that output of goods and services—which had increased at an annual rate of 13 per cent in the third quarter—was expanding more moderately in the current quarter and that prices were continuing to rise at a relatively fast pace. Staff projections suggested that growth would remain moderate in the first half of 1976 and that the rate of increase in prices would slow somewhat.

In November the rise in industrial production slowed further, in part because of declines in output of automobiles and of energy; increases were widespread among other products, but in general they were smaller than in the preceding 5 months. Recovery in nonfarm payroll employment also slowed further. However, the dollar volume of retail sales expanded significantly for the second consecutive month. Residential construction activity rose further, reflecting the uptrend in private housing starts in recent months. The unemployment rate—which had risen 0.3 percentage point to 8.6 per cent in October—fell back to 8.3 per cent in November. Both the October rise and the November decline in the unemployment rate were caused primarily by changes in the civilian labor force.

The advance in the index of average hourly earnings for private nonfarm production workers remained rapid in November. Increases in wholesale prices of industrial commodities were pervasive, and the rise in the average for industrial commodities, although below that in October, was still relatively large. Wholesale prices of farm products declined appreciably, following 2 months of large increases, and wholesale prices of processed foods declined slightly. In October, the rise in the consumer price index had accelerated somewhat because of a considerable increase in retail prices of foods following 2 months of little change.

Staff projections of real output in the first half of 1976 were similar to those of 4 weeks earlier. They suggested that consumption expenditures would expand at a moderate pace, that residential construction and business fixed investment would continue to recover, and that State and local government purchases of goods and services would pick up somewhat from the reduced pace in the second half of 1975. It was also anticipated that business inventory accumulation would be at a moderate rate. However, exports were projected to rise less than imports.

The exchange value of the dollar against leading foreign currencies, which had declined somewhat from early October to early November, had risen somewhat since then. The net outflow of bank-reported private capital appeared to have declined in November from the high rate in October. In October both merchandise exports and imports increased somewhat, and the foreign trade surplus remained substantial.

Total loans and investments at U.S. commercial banks expanded considerably in November. Banks added to their holdings of both Treasury and other securities and increased their outstanding loans to businesses. As in October, however, the outstanding volume of commercial paper issued by nonfinancial corporations declined, and total short-term business borrowing rose little. During the period from mid-November to mid-December most banks reduced the prime rate applicable to large business borrowers from 7½ to 7¼ per cent, and one major bank reduced it to 7 per cent.

M_1, which had declined in October after having grown at a slow pace during the preceding 3 months, rose sharply in November. Growth in M_2 and M_3 was substantial, as inflows of consumer-type time and savings deposits to banks strengthened and inflows to nonbank thrift institutions remained relatively favorable. Some portion of the inflows of such deposits to banks was attributable to expansion in business accounts following amendments to Federal Reserve regulations, effective November 10, 1975, that permitted corporations, partnerships, and other profitmaking organizations to maintain savings accounts of up to $150,000 at member banks. To a considerable extent the funds placed in these business savings accounts appeared to have been shifted out of demand deposits.

System open market operations since the November 18 meeting had been guided by the Committee's decision to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the months ahead. It had been contemplated that operations would be directed toward moving the Federal funds rate down from the prevailing level of 5¼ per cent to about the middle of the 4½ to 5½ per cent range of tolerance adopted by the Committee, if the data becoming available suggested that the several monetary aggregates were growing at rates close to the midpoints of their ranges of tolerance. However, the available data suggested greater strength in the growth of M_1, after allowance for the shift in business deposits from demand to savings accounts following the regulatory changes effective November 10. In the 3 weeks after that change business savings accounts at weekly reporting member banks had risen by about $530 million, and it was reasonable to assume that growth had also been substantial at other banks. Had it not been for this shift, the annual rate of growth in M_1 over the November–December period, according to staff estimates, would have been about 1½ percentage points higher than it appeared to be. Moreover, the available data suggested that growth in M_2 over the 2-month period would be in the upper part of its specified range of tolerance. Accordingly, System operations during the inter-meeting period had been directed toward maintaining the prevailing bank reserve and money market conditions, and the Federal funds rate fluctuated around 5¼ per cent.

Short-term market interest rates rose somewhat over the inter-meeting period, despite the stability in the Federal funds rate. The rise in rates appeared to reflect some concern on the part of market participants that the System would act to firm bank reserve and money market conditions in response to the strong growth in the monetary aggregates in November.

Yields on longer-term debt instruments fluctuated in a narrow range during the inter-meeting period despite a large volume of offerings of new securities, including publicly offered issues of foreign private and official institutions as well as issues of domestic borrowers. On December 9 the Treasury announced that before the end of the year it would auction $2.5 billion of 2-year notes and $2.0 billion of 4-year notes, of which $3.0 billion would be for new money.

At its October meeting, the Committee had agreed that growth in the monetary aggregates on the average over the period from the third quarter of 1975 to the third quarter of 1976 at rates within the following ranges appeared to be consistent with its broad economic aims: M_1, 5 to 7½ per cent; M_2, 7½ to 10½ per cent;

and M_3, 9 to 12 per cent. The associated range for growth in the bank credit proxy was 6 to 9 per cent. It was understood that the longer-term ranges, as well as the particular list of aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It also was understood that, as a result of short-run factors, growth rates from month to month might well fall outside the ranges contemplated for annual periods.

In the discussion of current policy at this meeting, the Committee took note of a staff analysis suggesting that in the period immediately ahead growth in the demand for money would be constrained by continuation of the shift in business deposits from demand accounts to savings accounts in response to the recent changes in regulations. Because the magnitude and duration of the shift were highly uncertain, however, estimates of the effects on M_1 were subject to a large margin of error. It was also noted that projections of monetary growth for the month of December were more uncertain than those for other months because many business and financial institutions customarily made adjustments to cash and debt positions for purposes of year-end statements.

During the discussion some Committee members expressed confidence in the economic outlook for the quarters immediately ahead, while other members expressed doubt concerning the strength of the recovery. In view of the uncertainties regarding the behavior of the monetary aggregates in the December–January period, many members advocated giving greater weight than usual to money market conditions in conducting open market operations in the period until the next meeting. However, a number of members preferred to continue to base operating decisions primarily on the behavior of the monetary aggregates. There was some sentiment for a slightly more stimulative policy, but most members favored no essential change in policy.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintaining the bank reserve and money market conditions now prevailing, provided that monetary aggregates appeared to be growing at about the rates currently expected. The members concluded that growth in M_1 and M_2 over the December–January period at annual rates within ranges of tolerance of 4 to 7 per cent and

7 to 10 per cent, respectively, would be acceptable.[1] It was thought that such growth rates would be likely to involve an annual rate of growth in reserves available to support private nonbank deposits (RPD's) within a range of 4 to 7 per cent.

It was contemplated that System operations until the next meeting would be directed toward maintaining the weekly average Federal funds rate at about its current level of 5¼ per cent, unless rates of growth in the monetary aggregates appeared to be deviating significantly from the midpoints of their specified ranges. The members agreed that, in the event the aggregates appeared to be deviating from expectations, the weekly average funds rate might be expected to vary in an orderly fashion within a range of 4½ to 5½ per cent.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

> The information reviewed at this meeting suggests that output of goods and services—which had increased very sharply in the third quarter—is expanding more moderately in the current quarter. In November the rise in industrial production and in nonfarm payroll employment slowed further. The dollar volume of retail sales rose again, however, and residential construction activity expanded, reflecting recent substantial increases in private housing starts. The unemployment rate—which had risen 0.3 percentage points to 8.6 per cent in October—fell back to 8.3 per cent in November, reflecting a sizable decline in the civilian labor force. The increase in average wholesale prices of industrial commodities, although below that in October, was still relatively large; prices of farm products declined appreciably, following 2 months of large increases. The advance in average wage rates in November was again substantial.
>
> The exchange value of the dollar against leading foreign currencies has risen somewhat since mid-November. The net outflow of bank-reported private capital appears to have declined from the high rate reported for October. In October the U.S. foreign trade surplus remained substantial.

[1] The ranges of tolerance over the December–January period were based on preliminary new seasonal factors. The growth rates specified for M_1 and M_2 for the 2-month period were, respectively, about 2¼ percentage points and 1 percentage point higher than those that would have been specified had the old factors been used. It was expected that revised money supply series incorporating new seasonal factors as well as benchmark and certain other statistical adjustments would be published in late January.

M_1—which had declined in October—rose sharply in November. Growth in M_2 and M_3 was substantial, as inflows of consumer-type time and savings deposits to banks strengthened while inflows to nonbank thrift institutions remained relatively favorable. Long-term interest rates have fluctuated in a narrow range in recent weeks, while short-term market rates have risen somewhat.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions that will encourage continued economic recovery, while resisting inflationary pressures and contributing to a sustainable pattern of international transactions.

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to maintain prevailing bank reserve and money market conditions over the period immediately ahead, provided that monetary aggregates appear to be growing at about the rates currently expected.

Votes for this action: Messrs. Burns, Volcker, Baughman, Coldwell, Eastburn, Holland, Jackson, MacLaury, Mayo, Mitchell, and Wallich. Votes against this action: None.

Absent and not voting: Mr. Bucher.

Subsequent to the meeting, on January 12, the available data suggested that in the December–January period both M_1 and M_2 would grow at rates below the lower limits of the ranges of tolerance that had been specified by the Committee. In recent days the Manager had been aiming at a Federal funds rate of 4⅞ per cent, and the rate had been in an area of 4¾ to 4⅞ per cent.

The significance of the apparent weakness in the aggregates was highly uncertain, because of the effects of the recent introduction of business savings accounts at commercial banks and because the revised seasonal adjustment factors employed were still under review. The problems of seasonal adjustment were particularly acute for the months of December and January. For these technical reasons, and in view of more favorable recent economic statistics—including the latest data on employment and retail sales—Chairman Burns recommended that the Manager be instructed to hold the weekly average Federal funds rate at the approximate level of 4¾ per cent until the Committee's next meeting. All members of the Committee, with the exceptions of Messrs. Eastburn and MacLaury, concurred in the Chairman's recommendation.

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report*, are released about 45 days after the meeting and are subsequently published in the BULLETIN.

Law Department
Statutes, regulations, interpretations, and decisions

Truth in Lending

In October 1975 the Board of Governors published amendments to Regulation Z designed to provide disclosure of closing costs in certain real estate transactions. These amendments were adopted in order to implement the provisions of § 121(c) of the Act which were added by § 409 of Title IV of Public Law 93-495. On January 2, 1976, § 121(c) was repealed by the passage of Public Law 94-205. Accordingly, the Board has rescinded the amendments to Regulation Z enacted to implement § 409.

Effective January 21, 1976, §§ 226.2(mm), (nn), (oo), (pp), and (qq), and 226.8(r) are rescinded.

Effective January 21, 1976 § 226.8(a) is amended by deleting "Except as provided in paragraph (r) of this section," from the fourth sentence thereof and by capitalizing the letter "a" in the word "all" immediately following the deleted matter, so that the fourth sentence of § 226.8(a), through the colon, reads "All of the disclosures shall be made together on either:"

Effective June 30, 1976, section 226.102 is rescinded.

Interim Policy on Access to Federal Reserve Clearing and Settlement Facilities

On June 10, 1975, the Board published for comment proposed arrangements for the deposit, delivery, and settlement of ACH transactions—i.e., those payments contained on magnetic tape that would be cleared through Federal Reserve clearing and settlement facilities. The Board proposed on June 10 that only financial organizations with demand deposit powers could deposit magnetic tapes with the Federal Reserve. The Board also proposed that payments would be delivered directly to financial organizations currently serviced by Federal Reserve courier services and to high volume endpoints located along existing courier routes (see 40 FR 25641). The proposal did not apply to access to other System facilities, such as the wire transfer facilities.

The Board is not finally adopting a policy in regard to access and pricing. In the near future the Board intends to publish a pricing schedule based on the fully allocated costs of providing System check and ACH services. In developing the pricing schedule, consideration would be given to the burden of required reserves maintained by member banks. In the interim, pending the development of a final pricing schedule in respect to so-called ACH transactions, the System will basically maintain its current policy with regard to the processing and handling of such transactions and will, in fact, broaden its services concerning delivery. Such interim policies may be modified at the time a pricing schedule is adopted. During the interim period, the Federal Reserve Banks will handle and process ACH transactions for all member banks and any nonmember financial organization that is a member of an automated clearing house association and that is sending ACH data pursuant to association rules.

The Federal Reserve will deliver ACH items under the following guidelines:

(1) Items for beneficiaries maintaining accounts at a financial institution offering demand deposit accounts may be delivered directly to that institution in the same manner that checks are presented.

(2) Items for beneficiaries maintaining accounts at a financial organization not offering demand deposit accounts may be delivered directly to that institution provided such institution receives sufficient volume of such items to warrant separate delivery and is located on an existing check courier route.

(3) Items may be delivered to a data processing service bureau provided the service bureau receives sufficient volume of such items to warrant separate delivery and is located on an existing check courier route.

(4) Any financial organization may pick up items at the local Federal Reserve office provided that its volume is sufficient to warrant such actions.

(5) Any financial organization may have items

delivered to an endpoint that currently receives checks directly from the Federal Reserve office (i.e. the pass-through method).

(6) Items may be mailed to any financial organization by the Federal Reserve regardless of its location.

Settlement

Settlement for items cleared under the above arrangement will be made by credit and debit entries to reserve accounts of member banks of the Federal Reserve System.

In providing clearing and settlement services for ACH associations, the Board anticipates that these services will be made reasonably available on a comparable basis to depositary institutions having need for such services.

The above provisions apply only for the use of Federal Reserve facilities in clearing and settling payments exchanged on magnetic tape. Use of the Federal Reserve communications system for transmitting large dollar credit items will continue to be limited to Federal Reserve member banks and Government agencies. Other financial institutions may utilize this system through facilities of a member bank.

In view of the many changes occurring in the electronic payments area, Federal Reserve policy will be subject to periodic review. In particular, further review would be undertaken as a result of the study by the National Commission on Electronic Fund Transfers. These proposals, if adopted, will provide uniform standards for electronic transactions handled by the System. In such an environment, considerable cost savings to financial institutions, the U.S. Treasury, and the Federal Reserve may be realized and consumers can be afforded greater convenience and security.

Bank Holding Companies

Nonbanking Activities of Bank Holding Companies; Operation of a Travel Agency

By notice of proposed rulemaking published in the Federal Register on September 19, 1974 (39 F.R. 33741), and revised with respect to the date and scope of the oral presentation on October 31, 1974 (39 F.R. 38423), the Board of Governors proposed, in connection with an application[1] filed pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. 225.4(b)(2)), to add to the list of activities that it has determined to be closely related to banking or managing or controlling banks (§ 225.4(a) of Regulation Y), the operation of a travel agency. An oral presentation considering possible rulemaking with respect to the proposal was held on January 14, 1975.

The Board has considered all comments received prior to the oral presentation, the record of the oral presentation, and all comments submitted in connection with, and subsequent to, the oral presentation. After considering all relevant aspects of the proposal to add the operation of a travel agency to the list of closely related activities, the Board has determined not to adopt this activity as permissible for bank holding companies under § 225.4(a) of Regulation Y.

Operation of a travel agency requires the offering of a broad range of services, including but not limited to the sale of travelers checks,[2] procuring carrier passage and other travel accommodations by acting as agent for passengers and carriers, and acting as collection agent for airline, railroad, steamship or other companies. In addition, travel agents must have specialized knowledge concerning such diverse matters as passports, visas, inoculations and taxing regulations, as well as familiarity with local and regional social customs.[3] In effect, a travel agency is "a personalized department store of travel."[4]

Before the Board may authorize a bank holding company to engage in a new activity pursuant to § 4(c)(8) of the Bank Holding Company Act, there are two major issues that must be resolved. These are whether the activity is closely related to bank-

[1] Application by First Bancorp, Inc., Corsicana, Texas, to retain First Travel Agency, Corsicana, Texas.

[2] The sale of travelers checks has been found by the Board to be a closely related activity (see Board Order of June 14, 1973, approving application of BankAmerica Corporation, San Francisco, California, to engage *de novo* in issuance and sale of travelers checks).

[3] There are certain unique licensing requirements that a travel agency must meet in order to be eligible to sell transportation tickets for member carriers of airline associations. Principal among these associations are the Air Traffic Conference (ATC) (which appoints, or licenses, travel agents to sell domestic air travel) and the International Air Transport Association (IATA).

[4] *Arnold Tours, Inc.* v. *Camp*, 338 F. Supp. 721, 723 (1972).

ing or managing or controlling banks, and, if so, whether it is a proper incident thereto. It is in the second of these tests that the weighing of the public benefits is of significance.

In a recent decision by the United States Court of Appeals for the District of Columbia, *National Courier Association v. Board*,[5] that Court commented on the kinds of connections that may qualify an activity as "closely related to banking." The Court stated there were *at least* three kinds of connections which could qualify an activity as closely related: first, that banks generally have in fact provided the proposed service; second, that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; and third, that banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.

On the basis of the record in this present proceeding before the Board, it appears that the only standard under the criteria previously applied by the Board, and as set forth by the Court of Appeals in the *Courier* decision, that might be regarded as being applicable is that relating to whether banks generally have provided the proposed service. However, the character of the services offered by travel agencies, as it has evolved to the present day, has departed from that offered over a century ago to accommodate people immigrating to the United States.[6] At the present time, the number of banks currently providing travel agency services number only about 150 or less than one per cent of all commercial banks in the United States, and they account for less than two per cent of all travel agencies in the nation. Furthermore, nearly two-thirds of the travel agencies affiliated with banking organizations have been established within the past fifteen years.[7]

It is the Board's view, in light of the above and other facts of record, that there exists an insufficient historical relationship between the proposed activity and the general nature of banking activities to meet the closely related test of § 4(c)(8). Neither does the Board conclude that the proposed activity is functionally or integrally related to other banking activities which have been previously found to be permissible within the tests set forth in the *Courier* decision. Accordingly, the Board finds that the operation of a travel agency is not closely related to banking or managing or controlling banks. Since the board has found that the operation of a travel agency is not closely related, the Board does not reach the further question of the potential public benefits resulting from performance of the proposed activity.[8] Thus, the Board has determined not to add the operation of a travel agency to the list of permissible activities in Regulation Y.

[5] 516 F. 2d 1229, 1237 (1975).

[6] *Arnold Tours, Inc.* v. *Camp*, 472 F. 2d 427, 434 (1972).

[7] Based on data submitted by the Association of Bank Travel Bureaus.

[8] Proponents of and opponents to adding this activity to the permissible list have presented arguments regarding the nature of the public benefits involved in approving this activity; however, as discussed above, the Board's finding that the proposed activity is not closely related to banking precludes any weighing of public benefits.

Order Scheduling Oral Presentation

On November 11, 1975, the Board issued a notice of proposed rulemaking to consider whether and under what conditions bank holding companies should be permitted to continue to engage in automobile leasing activities under the provisions of Section 225.4(a)(6)(a) of the Board's Regulation Y, 12 C.F.R. 225.4(a)(6)(a). The Board invited and has received comments from interested parties. In response to requests made by several interested parties for an opportunity to present their views orally, and in response to other requests for a delay in the proceeding, the Board has adopted the following procedures.

(1) The Board will accept and consider all statements, position papers and written submissions from any participant that has commented or requested additional time to comment on the rulemaking provided that such statements are submitted to the Office of the Secretary by March 15, 1976.

(2) Those participants who notify the Secretary by February 20, 1976, and those who have already notified the Secretary will be scheduled to make an oral presentation before available Board members on Tuesday, March 23, 1976, at the Board's offices, 20th & Constitution Avenue, N.W., Washington, D.C. The hearing will be open to the public.

(3) Those participants who wish to make an oral presentation should submit the names and identities of their witnesses by February 20, 1976, and

they should indicate the amount of time (normally not to exceed one hour) they request for oral presentation. A schedule will be provided by March 1, 1976. Parties to the oral hearing should provide the Board and all other parties with a statement or summary of their oral testimony by March 15, 1976.

(4) Following the oral presentation, the Board will accept from any party additional material related to issues raised at the oral presentation, provided that such material is submitted to the Office of the Secretary by April 23, 1976.

(5) A preliminary list of parties who will make an oral presentation includes representatives of the National Automobile Dealers Association, Southern California Rental and Leasing Association, Car and Truck Renting and Leasing Association, Southwest Leasing Corporation, Beverly Hills, California (on behalf of 17 leasing companies), Consumer Bankers Association and Orbanco, Inc., Portland, Oregon.

The Board believes the procedures outlined herein will provide all interested parties with a full opportunity to express their views and to submit relevant evidence concerning the proposed rulemaking. The Board further believes that the issues to be considered in this proceeding will involve legislative rather than adjudicative facts. For this reason and because the Bank Holding Company Act does not require a formal trial-type hearing in rulemaking proceedings under section 4(c)(8), 12 U.S.C. 1843(c)(8), the Board declines to conduct a formal hearing, as requested by the National Automobile Dealers Association.

The Board also declines to postpone the hearing in this proceeding pending final Congressional action on the Consumer Leasing Act (H.R. 8835 and S. 1691) as requested by several parties.

Bank Holding Company and Bank Merger Orders Issued by the Board of Governors

Orders Under Section 3 of Bank Holding Company Act

American Bancorporation,
Columbus, Ohio

Order Denying Acquisition of Bank

American Bancorporation, Columbus, Ohio, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)), to acquire 51 per cent or more of the voting shares of The American Bank of Central Ohio, Harrisburg, Ohio ("Bank").[1]

Notice of the application affording opportunity for interested persons to submit comments and views has been given in accordance with § 3(b) of the Act (38 Federal Register 27550, 39 Federal Register 6562, 40 Federal Register 52666, 41 Federal Register 14). The time for filing comments and views has expired, and the Board has considered the application and the comments and views of the Superintendent of Banks of the State of Ohio ("Superintendent") in light of the factors set forth in § 3(c) of the Act (12 U.S.C 1842(c)).

In accordance with § 3(b) of the Act, notice of receipt of the application was duly given to the Superintendent. Within 30 days of his receipt of said notice, the Superintendent submitted to the Board a written statement recommending disapproval of the application. In consideration of the Superintendent's recommendation, and in compliance with the requirements of the statute,[2] the Board directed that a hearing be held on the application at the Federal Reserve Bank of Cleveland (38 Federal Register 29650), such hearing to be conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 C.F.R. Part 263). The hearing commenced but was continued by the Administrative Law Judge, on Applicant's unopposed motion, in order that Applicant might prepare and submit to the Board certain amendments to subject application. The amendments

[1] Applicant has withdrawn from the Board's consideration an application filed under § 3(a)(3) of the Bank Holding Company Act to acquire The Eastern Ohio Bank, Union Township, Ohio; and an application filed under § 18(c) of the Bank Merger Act to merge its subsidiary, The Huntsville State Bank, Huntsville, Ohio, with The Miami Valley Bank, Quincy, Ohio.

[2] Section 3(b) of the Act, 12 U.S.C. 1842(b), provides, in pertinent part, as follows: "If the . . . State supervisory authority so notified by the Board disapproves the application in writing within said thirty days, the Board shall forthwith give written notice of that fact to the applicant. Within three days after giving such notice to the applicant, the Board shall notify in writing the applicant and the disapproving authority of the date for commencement of a hearing by it on such application."

were submitted; and notice of receipt of same, affording opportunity for interested persons to submit comments and views, was duly given (39 Federal Register 6562). Thereafter, the Superintendent filed with the Administrative Law Judge a motion requesting withdrawal of his disapproval recommendation but preserving his right to submit additional written comments on the application. Accordingly, the Administrative Law Judge issued an Order terminating the hearing, subject to review by the Board.[3] Since termination of the hearing, both Applicant and the Superintendent have submitted additional materials and views for the record. Applicant has recently amended the application a second and third time; and notice of receipt of these new amendments, affording opportunity for interested persons to submit comments and views, has been duly given (40 Federal Register 52666, 41 Federal Register 14). The Board has considered all materials and views submitted by Applicant and the Superintendent in light of the factors set forth in Section 3(c) of the Act.[4]

Applicant, the nineteenth largest banking organization in Ohio, controls 6 subsidiary banks with aggregate deposits of $49.5 million, representing .16 per cent of total deposits in commercial banks in the State.[5] Bank (deposits of $16.4 million) presently has three offices, all located in the southwestern portion of the Columbus, Ohio, banking market.[6] Bank is the seventh largest banking organization represented in the Columbus market with .7 per cent of total deposits in commercial banks in said market.[7] Applicant's banking subsidiary nearest to Bank is located at Adelphi, in Ross County, more than 40 miles away. An insubstantial amount of competition now exists between Bank and Applicant's banking subsidiaries; and it is not likely that competition between Applicant and Bank will increase in the future in view of the distances involved and Ohio's restrictive branch banking laws. The Board concludes that consummation of the proposed acquisition of Bank would not substantially lessen competition in the Columbus banking market.

Under the Bank Holding Company Act, the Board is required to take into consideration the financial and managerial resources and future prospects of the Applicant and of the bank to be acquired. In the exercise of that responsibility, the Board finds that considerations relating to the financial and managerial resources and future prospects of Applicant and Bank warrant denial of the application.

Applicant proposes to immediately acquire 50.9 per cent of the outstanding voting shares of Bank in exchange for its own callable series C preferred shares, to be issued for this purpose. Applicant will acquire these shares from two persons closely associated with Applicant. These sellers—one a director of Applicant, the other a director's spouse—will realize, when their preferred shares are called, a price equal to that originally paid for the corresponding shares of Bank first acquired by persons associated with Applicant in 1972.[8] The call price represents a premium over the book

---

[3]The Administrative Law Judge acted pursuant to Part 263.10(d) of the Board's Rules of Practice for Formal Hearings, 12 C.F.R. 263.10(d). The Superintendent's motion was unopposed; and the Administrative Law Judge's Order has not been challenged. Since the Superintendent's motion eliminated the statutory requirement that a hearing be held, and since the Board has before it a substantial record clearly adequate for determination of the issues in this case, the Board has approved the Administrative Law Judge's Order and considers the hearing in this case to have been closed on the date of that Order.

[4]In transmitting his Order to the Board, the Administrative Law Judge stated: "[T]his action will enable the Board to further process the application as it deems appropriate." It is clear that the Judge and the parties contemplated that the record would not close with termination of the hearing. The Superintendent conditioned his motion upon recognition by the Board of his right to submit additional materials for the record. At Applicant's request, the administrative record on the application has been held open, beyond deadlines previously announced by the Board's staff, to allow time for submission of additional materials by Applicant and to give Applicant the fullest possible opportunity to develop additional facts for the record.

[5]Comparative banking data are as of June 30, 1975. Applicant reports total deposits of $48.9 million as of September 30, 1975.

[6]The Columbus, Ohio banking market is approximated by Franklin County, Ohio, and by the following adjacent townships in five contiguous counties: Jefferson, Fairfield, Pleasant, and Range Townships in Madison County; Derby, Scioto, and Madison Townships, and a part of Harrison Township, in Pickaway County; Bloom and Violet Townships in Fairfield County; Etna, Lima, and Jersey Townships in Licking County; and Concord, Liberty, Orange, Genoa, and Harlem Townships in Delaware County.

[7]On May 31, 1974, the Federal Deposit Insurance Corporation conditionally approved the application of Bank to merge with Citizens Savings and Loan Company, Columbus, Ohio, pursuant to Section 18(c) of the Federal Deposit Insurance Act, 12 U.S.C. 1828(c). The conditional approval granted by the Federal Deposit Insurance Corporation has now lapsed. Accordingly, the Board has not considered the effect of such a merger on the instant application in light of the factors set forth in Section 3(c) of the Act.

[8]See p. 152 for footnote 8.

value of the Bank shares that these sellers will surrender for their series C preferred shares. However, Applicant's principals paid a premium in acquiring subject shares of Bank, and it does not appear that sellers will realize a profit as a result of their transaction. In addition, Applicant proposes to reimburse these sellers for the interest carrying charges associated with the ownership of shares of Bank by persons associated with Applicant through June 30, 1975.[9] The series C preferred shares are callable at the option of Applicant. In view of the likelihood that Applicant may call these shares, the Board views this proposed acquisition by an exchange of shares as, in reality, a cash acquisition.

The Board has repeatedly expressed its concern with arrangements by which bank holding company officers or directors acquire bank shares in which their company is interested, thereby acquiring a personal financial interest in an acquisition proposed by the holding company. See *Mid America Bancorporation, Inc.*, 1974 Federal Reserve BULLETIN 131; *The Jacobus Company*, 1974 Federal Reserve BULLETIN 130.

"Arrangements by which bank holding company directors, officers or employees, or their close relatives, have a personal financial interest in an acquisition proposed by the holding company will be closely scrutinized by the Board to ensure both that they do not involve an effort by the company to circumvent the requirement that prior approval by the Board be obtained for such an acquisition, and that they do not present the threat of any adverse effects upon the financial strength or soundness of the holding company or any of its subsidiaries. . . . The impropriety of such transactions may have more serious effects . . . where the ultimate purchase by the holding company involves the payment of substantial premiums to the insider. Such arrangements do not comport with sound banking practice and are inconsistent with the need to sustain public confidence in the integrity of the banking system." *Third National Corporation*, 1975 Federal Reserve BULLETIN 815.

Although the instant record does not establish that Applicant has violated the Act by acquiring Bank without Board approval, the Board believes that Applicant's proposed indemnification of its principals for the costs of holding shares in Bank pending Board action on the application threatens to adversely affect Applicant's financial resources and its prospects for the future.

The record indicates that Applicant is in need of additional capital for injection into one of its present subsidiary banks. Additionally, the financial resources and management of Applicant and certain of its present subsidiaries are in need of improvement. Applicant is endeavoring to raise additional capital with the proceeds of an equity security offering now in progress. It is the Board's view, after considering the entire record, that Applicant's resources should be more appropriately directed toward strengthening its existing banking subsidiaries rather than toward further expansion. Applicant's future prospects cannot be regarded as satisfactory if its resources are used to finance further expansion at this time.

Applicant has offered to inject additional capital into Bank should the subject application be approved. However, such additional capital would be derived from proceeds of Applicant's present equity offering, which might otherwise be used to strengthen Applicant's existing subsidiaries. The record reflects that resources now available to Applicant for these purposes are insufficient to both fulfill this capital commitment and call the series C preferred shares that Applicant would issue in this transaction. Moreover, the financial and managerial problems currently being experienced by Applicant are present also to some extent with respect to the operations of Bank. Since certain of the principals of Applicant are also principals of the bank to be acquired and since both Applicant and Bank have experienced certain

---

[8] Three directors of Applicant acquired approximately 51 per cent of the voting shares of Bank in 1972, using proceeds of a collateral loan from a bank not affiliated with Applicant. By late 1973, most of these shares had been transferred to a fourth director and to the wife of one of the original buyers, in consideration of their assumption of the supporting loan.

[9] On the present record, it does not appear that any indemnification agreement was in force when Applicant's directors first acquired shares of Harrisburg Bank in 1972. Shortly after this first acquisition, however, Applicant and its three directors entered into a buy-sell agreement regarding the subject shares that included, as one of its terms, an agreement by Applicant to reimburse its directors for interest expense and other costs incurred in financing the acquisition of such shares. This agreement was subsequently rescinded, and declared null and void, by the parties. A later agreement, entered into between Applicant and the present holders of these shares on June 18, 1974, does not contain an indemnification clause; however, a more recent buy-sell agreement, dated December 21, 1975, rescinds all prior agreements and obligates American to issue callable preferred shares to reimburse sellers for the debt service expense associated with the holding of subject shares of Bank by principals of Applicant since 1972.

financial problems under the management of such individuals, the Board is unable to conclude that financial and managerial considerations involved in this proposal are such that approval of the instant application would be appropriate. Instead, it appears that financial and managerial considerations weigh against approval of the instant application.

In the Board's view, a bank holding company seeking to expand its banking interests should be able to demonstrate clearly the quality of its financial and managerial resources in the operations of its existing subsidiaries. If a bank holding company cannot do so, the Board believes that it would be inappropriate to permit such an organization to expand further its banking interests until its existing subsidiaries are in acceptable condition. Applying this standard to the present application, and on the basis of the entire record considered as a whole, the Board is unable to conclude that approval of the instant application would be consistent with the financial and managerial standards the Board is required to consider under Section 3(c) of the Act, nor would the public interest be served by such action.

The adverse financial and managerial factors present in this application are not outweighed by any procompetitive effects or by benefits that would result in serving the convenience and needs of the community. It appears that the banking needs of the Columbus banking market are being well served at the present time and that Bank is generally competitive with the other banks operating in its market area. Applicant proposes to lower Bank's charges for checking account services and to assist Bank in fulfilling the mortgage loan demands of Columbus area residents. While the convenience and needs considerations are not inconsistent with approval, any public benefits that might result from approval are clearly outweighed by the adverse effects specified above. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

On the basis of the record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 29, 1976.

Voting for this action: Chairman Burns, Governors Mitchell, Holland, Wallich, Coldwell, Jackson, and Partee.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

First Lincolnwood Corp., Lincolnwood, Illinois

Order Denying Formation of Bank Holding Company

First Lincolnwood Corp., Lincolnwood, Illinois, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act [12 U.S.C. § 1842(a)(1)] of formation of a bank holding company through acquisition of 80 per cent or more of the voting shares of The First National Bank of Lincolnwood, Lincolnwood, Illinois ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those submitted by the Comptroller of the Currency, in light of the factors set forth in § 3(c) of the Act [12 U.S.C. § 1842(c)].

Applicant is a non-operating corporation organized under the laws of Illinois for the purpose of becoming a bank holding company through the acquisition of Bank. With deposits of $65.7 million, Bank holds approximately two-tenths of one per cent of the total deposits held by commercial banks in the relevant banking market (approximated by the Chicago area) and is the 67th largest of the market's 286 banks.[1] Inasmuch as this proposal represents essentially a transfer of Bank's ownership from individuals to a corporation owned by the same individuals, and Applicant has no present banking subsidiaries, the acquisition of Bank by Applicant would not eliminate any significant existing competition nor foreclose potential competition, increase the concentration of banking resources, or have any adverse effect upon competition within the relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a bank holding company should provide a source of financial and managerial strength to its subsidiary bank(s), and that the Board will examine closely the condition of the applicant in each case with this consideration in mind. In connection

[1] All banking data are as of December 31, 1974, unless otherwise indicated.

with this proposal, Applicant will incur acquisition debt of approximately $3.7 million, which debt Applicant proposes to service over a twelve-year period primarily through earnings of Bank. In the Board's view, the projected earnings of Applicant over the debt-retirement period appear to be somewhat optimistic in view of Bank's previous earnings record and, even if actually realized, would not provide Applicant with the financial flexibility necessary to meet its annual debt service requirements while maintaining adequate capital at Bank. Furthermore, although Applicant has stated that Bank plans to augment its capital accounts through the sale of $1.1 million in equity capital and $1.0 million debt capital within three to six months of approval of this application, the Board is concerned that the financial requirements imposed upon Applicant as a result of the acquisition debt, and uncertainty as to the source of funds for Bank's proposed capital injections, could prevent Applicant from resolving any unforeseen problems that may arise at Bank. On the basis of the above banking factors, and other facts of record, the Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in the weakening of Bank's overall financial condition. Accordingly, the Board concludes that the considerations relating to the banking factors weigh against approval of the application.

As indicated above, the proposed bank holding company formation is essentially a restructuring of the ownership interests of Bank without any significant changes in Bank's operations or the services offered to customers of Bank. Consequently, considerations relating to the convenience and needs of the community to be served are consistent with, but do not lend weight toward, approval of the application.

On the basis of all of the circumstances concerning this application, the Board concludes that the banking considerations involved in the proposal present adverse factors bearing upon the financial conditions and future prospects of both Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits to the convenience and needs of the relevant community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

On the basis of the facts of record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 9, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns.

Board action was taken while Governor Bucher was a Board member.

Board action was taken before Governor Partee became a Board member.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

National Detroit Corporation, Detroit, Michigan

Order Approving Acquisition of Bank

National Detroit Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of National Bank of Troy ("Bank"), Troy, Michigan, a proposed new bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including submissions filed by First Citizens Bank, Troy, Michigan ("Protestant"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. 1842(c)).

Applicant, the largest banking organization in Michigan, controls four subsidiary banks with aggregate deposits of approximately $6.2 billion, representing approximately 18 per cent of the total deposits in commercial banks in Michigan.[1] Since Bank is a proposed new bank, consummation of the proposed acquisition would not immediately increase Applicant's share of commercial bank deposits in the State.

Bank is to be located in the city of Troy, which is part of the Detroit banking market, the relevant banking market for this proposal.[2] Applicant is the

[1] Deposit data are as of December 31, 1974.

[2] The Detroit banking market is approximated by Macomb, Oakland, and Wayne Counties, which include the city of Detroit and 88 other incorporated communities that comprise the Detroit metropolitan area.

largest banking organization in the relevant market and controls 32.6 per cent of the total commercial bank deposits in the market. Since Bank is a proposed new bank, Applicant's acquisition of Bank would not have any immediate effect on Applicant's share of commercial bank deposits in the Detroit banking market, nor would it eliminate any existing competition.

In connection with its consideration of this application, the Board has considered the comments submitted by Protestant. Protestant contends, in part, that to the extent new entry into Troy is desirable, banking structure in the Detroit area would be much better served by an entrant of smaller size than Applicant; and conversely, that entry by Applicant would likely raise barriers to entry in Troy to a level where important possibilities for deconcentration will be lost. Protestant further asserts that Applicant's proposed *de novo* entry into Troy would severely limit the possibility of future outside entry into Troy by preempting future demand through the creation of excess capacity.

The Board has reviewed the facts of record, including the past and projected growth of the economy and the population of the area, and finds that the city of Troy is presently a rapidly growing area, and that the high rate of growth is expected to continue in the future. In view of the rapid and substantial growth being experienced by Troy, it does not appear that Applicant's entry would either foreclose the development of future competition or preempt a banking site. Furthermore, Michigan's branch banking laws preclude Applicant's entry into Troy through the formation of a branch of an existing subsidiary. Thus, the formation of a *de novo* bank is the only viable means of entry into Troy presently available to Applicant. The Board notes that there are presently four banks operating in Troy, all of which are subsidiaries of bank holding companies; three of the bank holding companies are among the five largest in the State. Moreover, three of the present banks in Troy are home-office banks with branching privileges within the city. Applicant's entry into Troy through the formation of Bank would create a fourth bank with branching privileges in Troy. The Board believes that this additional potential for branching is likely to exert a procompetitive influence in the Troy area of the relevant banking market. Accordingly, it is the Board's judgment that the arguments raised by Protestant do not present sufficient grounds to warrant denial of the application, and that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as satisfactory. Bank, as a proposed new bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Considerations relating to the banking factors are consistent with approval of the application. The addition of a new banking alternative in the rapidly growing Troy area will provide greater convenience to this segment of the population in the relevant banking market. In addition, affiliation with Applicant will enable Bank to offer its customers a full complement of banking services, as well as access to Applicant's specialized services, expertise, and financial resources. These considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. It is the Board's judgment that consummation of the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) National Bank of Troy, Troy, Michigan, shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective January 23, 1976.

Voting for this action: Chairman Burns and Governors Mitchell, Holland, Wallich, Coldwell, Jackson, and Partee.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Northeast United Bancorp, Inc. of Texas, Fort Worth, Texas

Order Approving Acquisition of Bank

Northeast United Bancorp, Inc. of Texas, Fort Worth, Texas, a bank holding company within the meaning of the Bank Holding Company Act

("Act"), has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire 100 per cent of the voting shares (less directors' qualifying shares) of First State Bank, Bedford, Texas ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those submitted by First National Bank of Euless, Euless, Texas ("Protestant"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. 1842(c)).

Applicant, the 84th largest banking organization in Texas, controls one bank with aggregate deposits of approximately $42.6 million, representing one-tenth of one per cent of the total deposits in commercial banks in the State.[1] Applicant's acquisition of Bank would increase Applicant's share of total State deposits by 0.03 per cent and would not result in a significant increase in the concentration of banking resources in Texas, nor would it alter Applicant's ranking among the State's other banking organizations.

Bank holds deposits of approximately $14.3 million, representing 0.6 per cent of the total deposits in commercial banks operating in the Fort Worth banking market,[2] and ranks as the 22nd largest of 48 commercial banks in the market. The three largest banking organizations in the market control, in the aggregate, more than 70 per cent of the market's deposits. Applicant is the seventh largest banking organization in the Fort Worth banking market. Its sole subsidiary, Northeast National Bank of Fort Worth, Fort Worth, Texas ("Northeast Bank"), holds deposits of $42.6 million, representing 1.9 per cent of the market's total commercial bank deposits. To the extent that Northeast Bank and Bank operate in the Fort Worth banking market, some amount of competition would be eliminated as a result of the consummation of this proposal. However, on the basis of the facts of record, including the facts that Northeast Bank and Bank are located in separate suburbs of Fort Worth seven and one-half miles apart and that there is a large number of banks competing in the market, it does not appear that the effects on existing competition would be significant. For similar reasons, it appears that the effects on potential competition would not be serious. Moreover, even after consummation of the proposal, Applicant would control 2.5 per cent of the market's deposits (about one-fourth of the deposits held by the market's third largest banking organization, and less than one-tenth of the deposits held by the first or second largest banking organization in the market), and several independent banks in the market would remain available for acquisition by holding companies not represented in the market. Accordingly, the Board concludes that consummation of the proposal would not eliminate any significant existing competition or foreclose the development of significant potential competition.

The financial condition and managerial resources of Applicant and its sole subsidiary are considered satisfactory and the future prospects for each appear favorable. In view of Applicant's commitment to inject $200,000 of equity capital into Bank following its acquisition, the same conclusions generally apply with respect to Bank's financial condition, managerial resources, and future prospects. Thus, the banking factors lend some weight toward approval of the application. Applicant proposes to increase the rates of interest paid on Bank's time and savings deposits, increase the parking facilities at Bank and, at a later date, provide trust services for customers of Bank. Therefore, the considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and, in the Board's view, outweigh any slight adverse competitive effects that might result from consummation of the proposal.

In its consideration of the subject application, the Board has considered the comments submitted on behalf of Protestant, a bank located approximately four miles from Bank. Protestant has raised two objections to the proposed transaction. First, Protestant asserts that consummation of the proposal would result in "a high concentration of financial power within a common trade area." This assertion is predicated upon Protestant's belief that the Mid-Cities area[3] is the relevant geographic

[1] All banking data are as of December 31, 1974, and reflect holding company formations and acquisitions approved through November 30, 1975.

[2] The Fort Worth banking market, the relevant geographic market for purposes of analyzing the competitive effects of this proposal, is approximated by the Fort Worth RMA.

[3] The Mid-Cities area is approximated by the communities in the northeastern portion of Tarrant County between Fort Worth and Dallas, Texas; it includes the communities of Bedford, Euless, Hurst, and Richland Hills.

market for the Board's competitive analysis of the proposed acquisition. In this regard, the Board has examined the materials submitted by Protestant in support of its position and, on the basis of its analysis of such material and the other material in the record, the Board has concluded that the relevant geographic market involved in the subject proposal is the Fort Worth banking market.[4] The basis for this conclusion rests upon several economic and demographic considerations. The Mid-Cities area is suburban in nature and it is economically and physically integrated with the city of Fort Worth. For example, the Mid-Cities area is linked to downtown Fort Worth by several major highways and is exposed to all of the major Fort Worth media sources. In addition, census data reveal that a significant portion of the working population in the Mid-Cities area commutes to Fort Worth daily. Although the Mid-Cities area may represent a distinct group of suburban communities, the Board is of the view that there is no evidence indicating that the commercial banks in this area are insulated from the competitive forces that emanate from the other banks in the Fort Worth banking market.

With respect to the concentration of banking resources within the relevant banking market, Applicant, upon acquisition of Bank, would increase its share of market deposits by 0.6 per cent to a total of 2.5 per cent, which is a substantially smaller percentage of market deposits than is held by any of the market's three larger banking organizations. In addition, Applicant's share of total market deposits would be approximately equal to the fifth, sixth and seventh largest banking organizations in the market. Thus, the Board concludes that approval of the application would not result in Applicant having a high concentration of banking resources within the relevant market.

Second, Protestant asserts that due to a substantial overlap of the service areas of Bank and Northeast Bank, approval of the proposal would result in the elimination of existing and future competition between Bank and Northeast Bank. Although the banks are located in the same banking market, it appears that Bank derives less than five per cent of its total deposits and less than one per cent of its total loans from the service area of Northeast Bank; and Northeast Bank derives less than four per cent of its total deposits and none of its loans from the service area of Bank. In view of the foregoing, the Board realizes that consummation of the subject proposal would result in the elimination of some existing competition. However, given the present structure of the Fort Worth banking market and the size of Bank and Northeast Bank in relation to that market, the Board does not believe that these adverse effects would be significant.

In several past cases, the Board has denied certain applications to acquire banks in large metropolitan markets on the basis that consummation of the proposed acquisition would eliminate competition within an area smaller than the entire relevant banking market.[5] In those cases, the applicant controlled a substantial share of total deposits within the relevant market. In addition, the applicant, in each of those other cases, had several existing subsidiary banks in close proximity to the bank to be acquired and there was a substantial overlap between the service areas of the applicant's existing subsidiary banks and the service area of the bank to be acquired.

The circumstances that warranted denial of the proposals described above do not appear to exist in the subject application. First, Applicant does not hold a substantial share of the market's deposits, and consummation would not result in Applicant holding a substantial share of such deposits. Second, as noted above, there does not appear to be a substantial overlap of the service areas of Bank and Northeast Bank. Furthermore, there are two banks, one of which is a subsidiary of the State's third largest banking organization, that intervene between Bank and Northeast Bank. In view of the foregoing, it does not appear that approval of the proposal would eliminate any significant competition presently existing between Bank and Northeast Bank, nor is it likely that significant competition would develop in the foreseeable future absent approval of Applicant's proposal. Moreover, the Board is of the view that the considerations relating to the convenience and needs of the communities to be served outweigh any anticompetitive effects that might result from Applicant's acquisition of Bank. Therefore, hav-

[4] See footnote 2 for a description of the market.

[5] For example, see the Board's Order of June 26, 1974, denying the application by First City Bancorporation, Houston, Texas, to acquire Meyerland Bank, Houston, Texas (60 Fed. Res. BULLETIN 509 (1974)). Applicant's request for reconsideration of this application was denied by the Board on November 11, 1974.

ing considered the comments of Protestant, it is the Board's judgment that consummation of the proposed transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective January 19, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns and Governor Bucher.

Board action was taken while Governor Bucher was a Board Member and before Governor Partee became a Board Member.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Southland Bancorporation, Mobile, Alabama

Order Denying Acquisition of Bank

Southland Bancorporation, Mobile, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to First National Bank of Fairhope, Fairhope, Alabama ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. 1842 (c)).

Applicant, the fifth largest commercial banking organization in Alabama, controls two banks with aggregate deposits of approximately $456.4 million, representing 5.1 percent of the total deposits in commercial banks in the State.[1] Acquisition of Bank would increase Applicant's share of State deposits by .4 of one per cent and would not significantly increase the concentration of banking resources in Alabama, although, as discussed below, the proposal would have some adverse effects on concentration in the relevant market.

Bank has deposits of approximately $31.7 million, representing 3.4 per cent of the total deposits in commercial banks in the relevant market, the Mobile banking market,[2] and thereby ranks as the fifth largest of eight banks operating in the market. Applicant's lead bank, Merchants National Bank of Mobile, Mobile, Alabama ("Mobile Bank"), the largest bank operating in the relevant market, has deposits of approximately $361.6 million, representing 37.2 per cent of total commerical bank deposits in the market. The three largest banking organizations in the market account for 84.6 per cent of total commercial bank deposits. Thus, consummation of this proposal would increase Applicant's share of total deposits to 40.6 per cent and would further increase concentration of banking resources in an already concentrated banking market.

Although Bank and Mobile Bank are located 16 miles apart, competition exists between the two banks as a result of substantial commuting of the labor force between Fairhope and Mobile. Mobile Bank derives $9.3 million in loans and $7.2 million in deposit business from the service area of Bank. Approval of the application would, therefore, eliminate a substantial amount of existing competition between Applicant and Bank, as well as reduce the number of banking alternatives operating in the market. Moreover, approval of the proposed transaction would remove a viable entry vehicle for an Alabama bank holding company not currently represented in the market. Ac-

[1] All banking data are as of June 30, 1975, and reflect bank holding company formations and acquisitions approved as of November 1, 1975.

[2] The relevant banking market is approximated by Mobile County and all of Baldwin County except for the southeastern quarter of the county. Although Mobile and Baldwin Counties are physically separated by Mobile Bay, the above market boundaries reflect commuter traffic patterns and the area within which actual competition occurs.

cordingly, the Board is of the view that consummation of the proposal would have significantly adverse effects on both existing and future competition.[3]

On the basis of the foregoing and other facts of record, the Board concludes that competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are outweighed by other positive considerations reflected in the record such as the financial and managerial resources and future prospects of Applicant and Bank or the convenience and needs of the communities to be served.

The financial and managerial resources and prospects of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory and consistent with approval of the application, although such considerations do not provide significant weight for approval of the application. As a result of this proposal, Bank would have increased loan limits and would expand its student loan services. These improved services lend some weight toward approval of the application. The Board finds, however, that neither the banking factors nor the considerations relating to convenience and needs are sufficient to outweigh the adverse competitive effects of Applicant's proposal.

On the basis of the facts in the record and in light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective January 26, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Wallich, Coldwell, and Partee. Present and abstaining: Governor Holland. Absent and not voting: Chairman Burns and Governor Jackson.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

[3]The Board denied Applicant's original application to become a bank holding company, 1974 F.R. BULLETIN 669. That application also involved acquisition of Bank. The Board's conclusion as to the effects on competition of the subject proposal are similar to its findings in its previous denial.

State Street Boston Financial Corporation, Boston, Massachusetts

Order Approving Acquisition of Bank

State Street Boston Financial Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. 1842(a)(3)) to acquire all of the voting shares of Falmouth Bank and Trust Company, Falmouth, Massachusetts ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. 1842 (c)).

Applicant, the fourth largest banking organization in Massachusetts, presently controls two subsidiary banks with aggregate deposits of $1.2 billion, representing approximately 8.7 per cent of the total deposits in commercial banks in the State.[1] Applicant's acquisition of Bank would not result in a significant increase in the concentration of banking resources in Massachusetts, nor would it change Applicant's ranking among banking organizations in the State.

Bank (approximately $16.9 million in deposits) is the sixth largest of eight banking organizations operating in the Cape Cod banking market which is the relevant banking market for this proposal,[2] and controls approximately 7.1 per cent of the total deposits in commercial banks in the market. By Order dated December 10, 1973, the Federal Reserve Bank of Boston approved Applicant's acquisition of Chatham Trust Company ("Chatham Bank"), Chatham, Massachusetts (deposits of approximately $7.8 million, as of December 31, 1974). Chatham Bank operates in the same banking market as Bank, and although the acquisition of Chatham Bank has not yet been consummated,[3]

[1]Banking data are as of June 30, 1975, unless otherwise indicated.

[2]The Cape Cod banking market is approximated by Barnstable County.

[3]The time within which Applicant must consummate the acquisition of Chatham Trust Company has been extended by the Federal Reserve Bank of Boston pursuant to delegated authority.

the Board has examined the instant proposal in light of the competitive factors which would exist if the acquisition of Chatham Bank had been consummated. Applicant, as a result of consummation of the instant proposal, would become the fifth largest banking organization in the Cape Cod banking market, controlling 11 per cent of the total deposits in commercial banks in the market.

Although Bank and Chatham Bank operate in the same banking market, they are located approximately 40 miles apart. In view of the relatively small size of the two banks, the distance involved, and the existence of numerous intervening bank offices, it does not appear that consummation of this acquisition would eliminate any significant existing competition; nor does it appear likely that, absent this proposal, significant competition would develop between these organizations in the future. In addition, *de novo* entry by Applicant in the Falmouth area is regarded as relatively unattractive due to the market's low ratio of population and deposits per commercial banking office. Accordingly, the Board concludes that competitive considerations are consistent with approval of this application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as satisfactory and consistent with approval. As part of its proposal, Applicant has committed to increase Bank's capital account by $300,000 upon consummation of the acquisition, and by an additional $150,000 by July 31, 1976, thereby increasing Bank's legal lending limit in addition to improving its capital position. Bank will also offer trust services and improved mortgage services as a result of its affiliation with Applicant. Accordingly, the Board regards considerations relating to the convenience and needs of the community to be served as lending support to approval of the application. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Boston pursuant to delegated authority.

By order of the Board of Governors, effective January 20, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, and Jackson. Absent and not voting: Chairman Burns and Governors Wallich and Coldwell.

Board action was taken while Governor Bucher was a Board Member and before Governor Partee became a Board Member.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Determination with Respect to Entitlement to Exemption Provided in § 4(c)(ii) of Bank Holding Company Act

Orwig and Company, Inc.,
Kansas City, Missouri

By Order dated December 1, 1975 (40 Federal Register 57246; 1975), the Board approved the application filed by Orwig and Company, Inc., Kansas City, Missouri ("Orwig"), for the Board's approval under § 3(a)(5) of the Bank Holding Company Act ("Act") to merge with Merchants Investors, Inc., Kansas City, Missouri ("Merchants Investors"), under the title and charter of Orwig. Because Orwig desires to continue engaging in certain nonbanking activities engaged in by Merchants Investors, which activities are not presently authorized for bank holding companies, Orwig has requested a Board determination that it is entitled to the benefits of the exemption set forth in § 4(c)(ii) of the Act. That section provides that the Act's prohibitions against nonbanking activities of a bank holding company shall not apply to any bank holding company that is "a company covered in 1970 more than 85 per centum of the voting stock of which was collectively owned on June 30, 1968, and continuously thereafter, directly or indirectly, by or for members of the same family, or their spouses, who are lineal descendants of common ancestors." (12 U.S.C. § 1843(c)(ii)). In its Order of December 1, 1975, the Board indicated that the question of Orwig's entitlement to such exemption was still under consideration. The Board has considered the request and, on the basis of the information presented, makes the following findings.

As indicated above, § 4(c)(ii) of the Act provides a complete exemption from the nonbanking prohibitions of the Act for a bank holding company that is a "company covered in 1970" more than 85 per cent of the voting shares of which was owned on June 30, 1968, and continuously thereafter, by or for members of the same family. Thus, to qualify for a § 4(c)(ii) exemption, a bank holding company must satisfy two distinct tests: (1) it must be a "company covered in 1970"; and (2) it must fulfill the continuous family ownership requirement.

The Board believes that Orwig does not satisfy the family ownership test because Orwig was not in existence on June 30, 1968. Orwig argues, however, that it is a "successor" to a company that was in existence on that date more than 85 per cent of the voting shares of which was owned on that date by members of the same family, and that it should therefore be viewed as having been in existence on that date. Specifically, Orwig contends that it was formed on July 24, 1970, as the result of a consolidation of Mawn Investment Co. ("Mawn") and three other corporations.

The Board believes, however, that Orwig is not a "successor" to these preexisting corporations, within the meaning of the Act. The term "successor" is defined in § 2(e) of the Act as

"any company which acquires directly or indirectly *from a bank holding company* shares of any bank, when and if the relationship between such company and the bank holding company is such that the transaction effects no substantial change in the control of the bank or beneficial ownership of such shares of such bank." (Emphasis added.)

On July 24, 1970, the four companies that were consolidated to form Orwig owned, directly and indirectly, about 47 per cent of the shares of University Bank, Kansas City, Missouri, and about 22 per cent of the shares of Merchants-Produce Bank. It is clear, therefore, that the constituent companies of Orwig, even if viewed as a single entity, did not constitute a "bank holding company" under the definitions in the Act as it was in effect on the date of the consolidation. Accordingly, since Orwig did not acquire shares of a bank "from a bank holding company," it cannot be viewed as a "successor" to the constituent companies within the definition set forth in § 2(e).[1]

However, even if Orwig were considered a successor in interest to its constituent companies so that it may trace its corporate existence back to June 30, 1968, and thus satisfy the continuous family ownership requirement of § 4(c)(ii), it does not satisfy the requirement of that section that it also be a "company covered in 1970."

[1] See opposite column for footnote.

Section 2(b) of the Act defines the term "company covered in 1970" as a "company which becomes a bank holding company as a result of the enactment of the Bank Holding Company Act Amendments of 1970 and which would have been a bank holding company on June 30, 1968, if those amendments had been enacted on that date." On December 31, 1970, Orwig owned approximately 28.5 per cent of a company that owned substantially all of the voting shares of Merchants-Produce Bank, and by virtue of this ownership it became a bank holding company as a result of the enactment of the 1970 Amendments to the Act. In addition, as of that date Orwig owned approximately 24.9 per cent of a company that owned substantially all of the voting shares of University Bank. These holdings were reported to the Board in Orwig's initial bank holding company registration statement filed under the Act in 1971. On June 30, 1968, Orwig (if viewed as the successor in interest to its constituent companies) owned about 45 per cent of University Bank, but owned only 16 per cent of Merchants-Produce Bank. Thus, while Orwig became a bank holding company by reason of its ownership of Merchants-Produce Bank in 1970, it clearly would not have been a bank holding company as to Merchants-Produce Bank on June 30, 1968, if the 1970 Amendments had been enacted on that date. Orwig offers three arguments in an effort to cure this defect in its claim of entitlement to the § 4(c)(ii) exemption:

First, it contends that even though it did not control Merchants-Produce Bank on June 30, 1968, it did control University Bank. Therefore, it claims, it would have been a bank holding

[1] While Orwig may be viewed as the legal successor in interest to the constituent companies under applicable state corporation law, the Board does not believe that state law is *relevant or controlling on the question whether Orwig is* entitled to the broad exemption from the prohibitions on nonbanking activities set forth in § 4(c)(ii). That section plainly refers to "a company" whose stock was owned by family members on June 30, 1968, and the Board believes this language should be narrowly construed.

company as to University Bank on June 30, 1968, had the Act been amended on that date.

Second, Orwig contends that while it did not control Merchants-Produce Bank on June 30, 1968, by virtue of stock ownership, it exercised a "controlling influence" over the management or policies of that bank on that date, and should therefore be deemed retroactively to have controlled the bank as of that date.

Third, Orwig argues that as of December 31, 1970, it exercised a "controlling influence" over the management or policies of University Bank, and should therefore be deemed retroactively to have become a bank holding company as to University Bank by reason of the enactment of the 1970 Amendments. If this contention were accepted, Orwig would then be a "company covered in 1970" with respect to University Bank because it clearly controlled more than 25 per cent of that bank's voting shares as of June 30, 1968.

As to Orwig's first point, it is the Board's view that a company claiming to be a "company covered in 1970" must have owned more than 25 per cent of the voting shares of the *same* bank both on June 30, 1968, and December 31, 1970, and continuously between those dates. In enacting the 1970 Amendments to the Act, Congress was concerned about disrupting settled banking relationships that had existed for a period of time prior to the enactment of the Amendments to the Act. June 30, 1968, was originally recommended by the Administration as the cut-off date for determining eligibility for grandfather privileges.[2] In the final version of the legislation, Congress adopted June 30, 1968, as the "grandfather" date, "because it was about that time that it became clear that the major banks of this country were going to restructure themselves as subsidiaries or affiliates of one-bank holding companies," and because the controversy engendered by the publicity concerning this development put the public on notice "that the issue was going to be reconsidered by the Congress." 116 Cong. Rec. 42424 (1970) (remarks of Sen. Sparkman). The ranking minority member of the House Banking Committee explained that the "grandfather" clause "permits nonbanking activities of one-bank holding companies that existed on or before June 30, 1968, to be continued." 116 Cong. Rec. 41953 (1970) (remarks of Rep. Widnall). It is clear, therefore, that Congress was concerned about the disruption of holding company relationships that were covered for the first time by the 1970 Amendments and that had existed on June 30, 1968. If a company that controlled one bank on June 30, 1968, voluntarily relinquished that control position prior to the enactment of the 1970 Amendments, it was plainly not within the scope of Congress' concern, even though it may have acquired control of a different bank after that date.

Orwig's second argument, that it exercised a "controlling influence" over Merchants-Produce Bank on June 30, 1968, and therefore should be deemed to be a "company covered in 1970" because it controlled the bank as of that date, within the meaning of § 2(a)(2)(C) of the Act, is also without merit. As noted above, § 2(b) of the Act defines the term "company covered in 1970" as a "company that becomes a bank holding company as a result of the enactment of the Bank Holding Company Act Amendments of 1970 *and which would have been a bank holding company on June 30, 1968, if those amendments had been enacted on that date.*" (Emphasis added.) Since Orwig did not own as much as 25 per cent of Merchants-Produce Bank on June 30, 1968, it would not have been a bank holding company *on that date* had the Amendments been enacted at that time. It could only have become a bank holding company at some subsequent date after the Board made a "controlling influence" determination under § 2(a)(2)(C). It has long been the Board's view that a company may only be considered a "company covered in 1970" if it *automatically* became a bank holding company by virtue of the 1970 Amendments and would *automatically* have become a bank holding company on June 30, 1968, had the amendments then been enacted. See *Perpetual Corporation—Pierce National Life Insurance Company*, 1973 Federal Reserve BULLETIN 218; *Ribso, Inc.*, 38 Fed Reg. 7029 (1973). Accordingly, Orwig cannot achieve the status of a "company covered in 1970" by virtue of a

[2] Under Secretary of the Treasury Walker testified in early 1969:

"This date is not so far back in time that forced divestitures would disrupt the operations or threaten the viability of most of the smaller, "traditional" one-bank holding companies. On the other hand, the date is early enough to include the great majority of new companies whose organization has pushed the total assets involved to such a high level."

Hearings on "Bank Holding Company Act Amendments" before the House Committee on Banking and Currency, 91st Cong., 1st Sess. 90 (1969).

retroactive "controlling influence" determination.[3]

Orwig's third argument, that it exercised a "controlling influence" over University Bank as of December 31, 1970, must fail for the same reasons as discussed with respect to its claim of a "controlling influence" over Merchants-Produce Bank as of June 30, 1968.[4] In this regard the Board notes further that when Orwig registered as a bank holding company in 1971, because of its control of Merchants-Produce Bank, it did not claim to have control over University Bank by virtue of its exercise of a "controlling influence," and in fact it indicated that University Bank was *not* a subsidiary of Orwig. Thus, its present claim of "controlling influence" is in conflict with the representations it made to the Board in 1971.[5]

Accordingly, on the basis of the information presented and for the reasons summarized herein, the Board has determined that Orwig is not entitled to the exemption provided in § 4(c)(ii) of the Act.

[3] The recent decision of the United States Court of Appeals for the Ninth Circuit in *Patagonia Corporation* v. *Board of Governors*, 517 F.2d 803 (1975) is not relevant to this issue. The issue in *Patagonia* was whether a bank holding company that was admittedly a "company covered in 1970," because it controlled more than 25 per cent of the same bank both on June 30, 1968, and December 31, 1970, was entitled to continue to engage in a nonbanking activity that it was engaged in through a "subsidiary" on June 30, 1968. The court held that in determining whether the nonbank company was a "subsidiary," within the definition in § 2(d)(3) of the Act, the Board must consider whether Patagonia exercised a "controlling influence" over that company's management policies. The court itself distinguished that issue from the issue involved here and in the Board's *Ribso* decision, namely, whether a "controlling influence" determination can be made retroactively under § 2(a)(2)(C) with respect to a bank for the purpose of determining whether a company is a "company covered in 1970." (517 F.2d at 814).

[4] As an alternative, Orwig has requested that the Board make a "controlling influence" determination under § 2(a)(2)(C) of the Act that Merchants Investors was in fact a bank holding company with respect to the same bank throughout the period of June 30, 1968, to December 31, 1970, and thus a "company covered in 1970." Merchants is wholly owned by members of the same family that owns Orwig. Orwig argues that, upon the merger of Merchants into Orwig (which transaction was approved by the Board on December 1, 1975), Orwig would be a "company covered in 1970" by reason of its being a "successor" to Merchants. Merchants owned approximately 24 per cent of the voting shares of University Bank on December 31, 1970, and approximately the same ownership of University Bank existed on June 30, 1968. Orwig's request that Merchants be determined to be a "company covered in 1970" also must fail for the same reasons as discussed above with respect to Orwig's claim of a "controlling influence" over Merchants-Produce Bank as of June 30, 1968.

[5] The registration form instructs registrants that "if the existence of control is open to reasonable doubt in any instance" a registrant may disclaim control but must "state the material facts pertinent to the possible existence of control."

By order of the Board of Governors, effective January 15, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, and Jackson. Absent and not voting: Chairman Burns and Governor Coldwell.

Board action was taken while Governor Bucher was a Board Member and before Governor Partee became a Board Member.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Order Approving Reconsideration

Citicorp,
New York, New York

Citicorp, New York, New York, has requested reconsideration of the Order of November 10, 1975 (40 Federal Register 53315), whereby the Board of Governors denied the application of Citicorp for prior approval of the acquisition of West Coast Credit Corporation, Seattle, Washington, pursuant to section 4(c)(8) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1843(c)(8)).

The request for reconsideration is filed pursuant to section 262.3(g)(5) of the Board's Rules of Procedure, which provides that the Board will not grant any request for reconsideration "unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate." The Board finds that the request for reconsideration presents relevant facts or issues which appear appropriate in the public interest for the Board to consider. Accordingly, the request for reconsideration is hereby approved.

In order to facilitate such consideration, comments and views regarding the proposed acquisition may be filed with the Board not later than February 9, 1976. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The application, as supplemented by Applicant's request for reconsideration, may be inspected at the offices of the Board of Governors or at the Federal Reserve Bank of New York.

By order of the Board of Governors, effective January 9, 1976.

Voting for this action: Vice Chairman Mitchell and Governors Holland and Partee. Voting against this action: Governor Coldwell. Absent and not voting: Chairman Burns and Governors Wallich and Jackson.

(Signed) THEODORE E. ALLISON,
[SEAL] *Secretary of the Board.*

Decision Under Section 25 of the Federal Reserve Act

Bank of Tokyo, Ltd.
Tokyo, Japan

The Board of Governors has approved the application of Bank of Tokyo, Ltd., Tokyo, Japan, to acquire shares of Tokyo Bancorp International, Houston, Texas ("TBI"), pursuant to section 25 of the Federal Reserve Act, 12 U.S.C. 601, and section 4(c)(5) of the Bank Holding Company Act, 12 U.S.C. 1843(c)(5). TBI has entered into an agreement with the Board whereby TBI will not purchase or hold any asset or exercise any power in the U.S. or abroad except as would be permissible under Regulation K, 12 CFR 211, applicable to Edge Corporations. In addition, TBI has agreed to comply with the reserve requirements of Regulation K with respect to its due-to-customer accounts. As a result of its agreement with the Board, TBI becomes a so-called "Agreement Corporation." Agreement Corporations are state chartered corporations principally engaged in international and foreign banking.

Board decisions on applications under section 25 of the Federal Reserve Act are announced in the form of a Board letter sent to the Applicant. There follows the text of the Board's letter to Bank of Tokyo and the agreement of TBI with the Board:

January 26, 1976

Mr. Yasushi Watanabe
Managing Director and
Regional Executive in New York
The Bank of Tokyo, Ltd.
New York Agency
100 Broadway
New York, New York 10005

Dear Mr. Watanabe:

This refers to the application of The Bank of Tokyo, Ltd., Tokyo, Japan ("Applicant") for permission of the Board of Governors under the provisions of section 4(c)(5) of the Bank Holding Company Act of 1956, as amended and section 25 of the Federal Reserve Act, to hold stock of Tokyo Bancorp International (Houston), Inc., Houston, Texas ("TBI"). Reference is also made to the agreement dated January 22, 1976, executed by TBI in accordance with the requirements of section 25 of the Federal Reserve Act, by which such corporation agrees to restrict its operations and conduct its business in the manner set forth therein.

After consideration of the application and agreement, the Board of Governors of the Federal Reserve System, pursuant to section 4(c)(5) of the Bank Holding Company Act of 1956, as amended and section 25 of the Federal Reserve Act, approves the application and grants permission to Applicant to purchase and hold up to 10,000 shares of the stock of TBI at a cost of approximately $1,000,000, provided such shares are acquired within one year from the date of this letter. Please advise the Board of Governors, through the Federal Reserve Bank of Dallas, the date TBI commences business.

The foregoing approval is granted subject to the condition that Applicant shall dispose of its stock in TBI as the Board may direct if, in the Board's judgment, TBI shall have failed to comply with the terms of its agreement with the Board or regulations of the Board applicable thereto. It should be noted in this regard that the provisions of § 211.3 of Regulation K relating to the organization of Edge Act Corporations do not, of course, apply to Agreement Corporations such as TBI. Accordingly, the citizenship requirements imposed on the directors and stockholders of Edge Act Corporations under section 25(a) of the Federal Reserve Act and included by implication in § 211.3 of Regulation K do not apply to TBI. In the Board's judgment, it is clear that there are no statutory citizenship requirements for directors or stockholders of Agreement Corporations imposed under section 25 of the Federal Reserve Act.

Very truly yours,

(Signed) Theodore E. Allison,
Secretary of the Board.

Agreement

In consideration of the granting by the Board of Governors of the Federal Reserve System (hereinafter referred to as the Board of Governors), under the provisions of Section 4(c)5 of the Bank Holding Company Act of 1956, as amended, Section 25 the Federal Reserve Act and pursuant to an application filed with the Board of Governors by The Bank of Tokyo, Ltd., of permission to acquire and hold stock of Tokyo Bancorp International (Houston), Inc. (hereinafter referred to as the Corporation), the Corporation, in accordance with the provisions of Section 25 of the Federal Reserve Act, hereby undertakes and agrees with the Board of Governors as follows:

1. Compliance with Section 11 of Regulation K:
   That the Corporation shall not purchase or hold any asset, or otherwise exercise any of its power in the United States or abroad in any manner, which would not be permissible under the provisions of Regulation K issued by the Board of Governors. In this regard the due-to-customer accounts, credit balances in favor of its customers or other similar obligations to be maintained by such Corporation shall, for purposes of Regulation K, be treated in all respects, including, without limitation, the maintenance of reserve requirements, as if such accounts, balances or obligations, as the case may be, were deposits.
2. Further Limitations and Restrictions:
   That the Corporation shall restrict its operations and conduct its business in such manner and under such other or further limitations and restrictions as the Board of Governors may hereafter from time to time prescribe, in Regulation K or otherwise.
3. Examinations and Reports:
   (a) That at such times as may be fixed by the Board of Governors the Corporation shall submit to examination by examiners selected or approved by the Board of Governors;
   (b) That the Corporation shall pay the expenses of all such examinations in the amount determined by the Board of Governors;
   (c) That the Corporation shall do everything necessary to facilitate such examinations and shall make available to the examiners all information which they may require;
   (d) That the Corporation shall make reports to the Board of Governors at such times and in such form and covering such matters as the Board of Governors may prescribe.

This agreement is executed in duplicate.

January 22, 1976

Tokyo Bancorp International
(Houston), Inc.

Orders Approved Under Bank Holding Company Act—

By the Board of Governors

During January 1976, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
Alabama Bancorporation, Birmingham, Alabama	Peoples Bank of Tuscaloosa, Tuscaloosa, Alabama	1/5/76	41 F.R. 1817 1/12/76
Ellis Banking Corporation, Bradenton, Florida	American Bank of Fort Myers, Fort Myers, Florida	1/15/76	41 F.R. 3782 1/26/76
The Glencoe Capital Corporation, Glencoe, Ill.	Glencoe National Bank, Glencoe, Ill.	1/2/76	41 F.R. 1818 1/12/76

Section 3—Continued

Applicant	Bank(s)	Board action (effective date)	Federal Register citation
Humboldt Bancshares Inc., Humboldt, Kansas	Humboldt National Bank, Humboldt, Kansas	1/5/76	41 F.R. 2113 1/14/76
Nevada Brick and Tile Co., Nevada, Iowa	Nevada National Bank, Nevada, Iowa	1/9/76	41 F.R. 2689 1/19/76
Northstream Investments, Inc., Geddes, South Dakota	Security State Bank, Geddes, South Dakota	1/2/76	41 F.R. 1819 1/12/76

Section 4

Applicant	Nonbanking company (or activity)	Board action (effective date)	Federal Register citation
Ancorp Bancshares, Inc., Chattanooga, Tennessee	Ancorp Insurance Company, Phoenix, Arizona	1/2/76	41 F.R. 1817 1/12/76
Central Banking System, Inc., Oakland, California	Computer Dynamics, Inc., Oakland, California	1/19/76	41 F.R. 3781 1/26/76

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Board action (effective date)	Federal Register citation
Peoples Bankshares, Inc., Mora, Minnesota	Peoples National Bank of Mora, Mora, Minnesota	Peoples Credit Company of Mora, Minnesota, Inc., Mora, Minnesota	1/22/76	41 F.R. 1640 1/30/76

By Federal Reserve Banks

During December 1975 or January 1976, applications were approved by the Federal Reserve Banks as listed below. The orders have been published in the Federal Register, and copies are available upon request to the Reserve Bank.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date	Federal Register citation
Northwest Ohio Bancshares, Inc., Toledo, Ohio	The Liberty State Savings Bank, Liberty Center, Ohio	Cleveland	1/16/76	41 F.R. 4075 1/28/76

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
Dubois Bankshares, Inc., Sauk Centre, Minnesota	First State Bank of Sauk Centre, Sauk Centre, Minnesota	First State Agency, Sauk Centre, Minnesota	Minneapolis	12/19/75	41 F.R. 1330 1/7/76

Pending Cases Involving the Board of Governors*

Helen C. Hatten, et al. v. *Board of Governors*, filed January 1976, U.S.D.C. for the District of Connecticut.

International Bank v. *Board of Governors*, filed December 1975, U.S.D.C. for the District of Columbia.

Community Bancorporation v. *Board of Governors*, filed December 1975, U.S.C.A. for the Sixth Circuit.

Robert Farms, Inc. v. *Comptroller of the Currency, et al.*, filed November 1975, U.S.D.C. for the Southern District of California.

National Computer Analysts, Inc. v. *Decimus Corporation, et al.*, filed November 1975, U.S.D.C. for the District of New Jersey.

Peter E. Blum v. *First National Holding Corporation*, filed November 1975, U.S.D.C. for the Northern District of Georgia.

Harlan National Co. v. *Board of Governors*, filed November 1975, U.S.C.A. for the Eighth Circuit.

Peter E. Blum v. *Morgan Guaranty Trust Co., et al.*, filed October 1975, U.S.D.C. for the Northern District of Georgia.

A.R. Martin-Trigona v. *Board of Governors, et al.*, filed September 1975, U.S.D.C. for the Northern District of Illinois.

†*A.R. Martin-Trigona* v. *Board of Governors, et al.*, filed September 1975, U.S.D.C. for the Northern District of Illinois.

Reserve Enterprises, Inc. v. *Arthur F. Burns, et al.*, filed September 1975, U.S.D.C. for the District of Minnesota.

Logan v. *Secretary of State, et al.*, filed September 1975, U.S.D.C. for the District of Columbia.

†*Ellsworth* v. *Burns*, filed September 1975, U.S.D.C. for the District of Arizona.

Florida Association of Insurance Agents, Inc., v. *Board of Governors*, and *National Association of Insurance Agents, Inc.* v. *Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

Henry M. Smith v. *National Bank of Boulder, et al.*, filed June 1975, U.S.D.C. for the Northern District of Texas.

Bank of Boulder v. *Board of Governors, et al.*, filed June 1975, U.S.C.A. for the Tenth Circuit.

†‡*David R. Merrill, et al.* v. *Federal Open Market Committee of the Federal Reserve System*, filed May 1975, U.S.D.C. for the District of Columbia.

Curvin J. Trone v. *United States*, filed April 1975, U.S. Court of Claims.

*This list of pending cases does not include suits against Federal Reserve Banks in which the Board of Governors is not named as a party.

†Decisions have been handed down in these cases, subject to appeals noted.

‡The Board of Governors is not named as a party in this action.

Richard S. Kaye v. *Arthur F. Burns, et al.*, filed April 1975, U.S.D.C. for the Southern District of New York.

Louis J. Roussel v. *Board of Governors*, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Georgia Association of Insurance Agents, et al. v. *Board of Governors*, filed October 1974, U.S.C.A. for the Fifth Circuit.

Alabama Association of Insurance Agents, et al., v. *Board of Governors*, filed July 1974, U.S.C.A. for the Fifth Circuit.

†*Investment Company Institute* v. *Board of Governors*, dismissed July 1975, U.S.D.C. for the District of Columbia, appeal pending, U.S.C.A. for the District of Columbia Circuit.

†*George Brice, Jr., et al.*, v. *Board of Governors*, filed April 1974, U.S.C.A. for the Ninth Circuit.

East Lansing State Bank v. *Board of Governors*, filed December 1973, U.S.C.A. for the Sixth Circuit.

†*Consumers Union of the United States, Inc., et al.*, v. *Board of Governors*, filed September 1973, U.S.D.C. for the District of Columbia.

Bankers Trust New York Corporation v. *Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

Directory of Federal Reserve Banks and Branches

Following is a list of the directorates of the Federal Reserve Banks and Branches as at present constituted. The list shows, in addition to the name of each director, his principal business affiliation, the class of directorship, and the date when his term expires. Each Federal Reserve Bank has nine directors: three Class A and three Class B directors, who are elected by the stockholding member banks, and three Class C directors, who are appointed by the Board of Governors of the Federal Reserve System. Class A directors are representative of the stockholding member banks. Class B directors at the time of their election must be actively engaged in their district in commerce, agriculture, or some industrial pursuit, and may not be officers, directors, or employees of any bank.

For the purpose of electing Class A and Class B directors, the member banks of each Federal Reserve district are classified by the Board of Governors of the Federal Reserve System into three groups, each of which consists of banks of similar capitalization, and each group elects one Class A and one Class B director. Class C directors may not be officers, directors, employees, or stockholders of any bank. One Class C director is designated by the Board of Governors as Chairman of the Board of Directors and Federal Reserve Agent and another is appointed Deputy Chairman. Federal Reserve Branches have either five or seven directors, of whom a majority are appointed by the Board of Directors of the parent Federal Reserve Bank; the others are appointed by the Board of Governors of the Federal Reserve System. One of the directors appointed by the Board of Governors at each Branch is designated annually as Chairman of the Board in such a manner as the Federal Reserve Bank may prescribe.

Names followed by footnote 1 (1) are Chairmen, and those by footnote 2 (2) are Deputy Chairmen. Names in capital letters indicate new appointments; all others are reappointments.

DISTRICT 1—FEDERAL RESERVE BANK OF BOSTON

		Term expires Dec. 31
CLASS A:		
Francis N. Southworth	Chairman of the Board, President, Concord National Bank, Concord, N.H.	1976
James F. English, Jr.	Chairman, The Connecticut Bank and Trust Co., Hartford, Conn.	1977
JOHN D. ROBINSON	President, Firstbank, N.A., Farmington, Me.	1978
CLASS B:		
G. William Miller	President, Textron Inc., Providence, R.I.	1976
Weston P. Figgins	Chairman of the Board, Wm. Filene's Sons Company, Boston, Mass.	1977
Alfred W. Van Sinderen	President, The Southern New England Telephone Company, New Haven, Conn.	1978
CLASS C:		
Kenneth I. Guscott	President, Ken Guscott Associates, Boston, Mass.	1976
Robert M. Solow[2]	Institute Professor, Massachusetts Institute of Technology, Cambridge, Mass.	1977
Louis W. Cabot[1]	Chairman of the Board, Cabot Corporation, Boston, Mass.	1978

DISTRICT 2—FEDERAL RESERVE BANK OF NEW YORK

		Term expires Dec. 31
CLASS A:		
DAVID ROCKEFELLER	Chairman of the Board, The Chase Manhattan Bank, N.A. New York, N.Y.	1976
STUART MCCARTY	President, First-City National Bank of Binghamton, N.Y.	1977
HARRY J. TAW	President, First National Bank of Cortland, N.Y.	1978
CLASS B:		
MAURICE F. GRANVILLE	Chairman of the Board, Texaco Inc., New York, N.Y.	1976
WILLIAM S. SNEATH	President, Union Carbide Corporation, New York, N.Y.	1977
JACK B. JACKSON	President, J.C. Penney Co., Inc., New York, N.Y.	1978
CLASS C:		
ALAN PIFER	President, Carnegie Corporation of New York, N.Y.	1976
ROBERT H. KNIGHT[2]	Partner, Shearman and Sterling, Attorneys, New York, N.Y.	1977
FRANK R. MILLIKEN[1]	President, Kennecott Copper Corporation, New York, N.Y.	1978

BUFFALO BRANCH

APPOINTED BY FEDERAL RESERVE BANK:		
J. WALLACE ELY	Chairman of the Board, New York State Corporation, Rochester, N.Y.	1976
DANIEL G. RANSOM	President, The Wm. Hengerer Co., Buffalo, N.Y.	1976
CHARLES A. MARKS	President, Alden State Bank, Alden, N.Y.	1977
AVERY H. FONDA	President, Liberty National Bank and Trust Company, Buffalo, N.Y.	1978
APPOINTED BY BOARD OF GOVERNORS:		
RUPERT WARREN[1]	Former President, Trico Products Corporation, Buffalo, N.Y.	1976
PAUL A. MILLER	President, Rochester Institute of Technology, Rochester, N.Y.	1977
DONALD R. NESBITT	Owner-Operator, Silver Creek Farms, Albion, N.Y.	1978

DISTRICT 3—FEDERAL RESERVE BANK OF PHILADELPHIA

CLASS A:		
THOMAS L. MILLER	President, Upper Dauphin National Bank, Millersburg, Pa.	1976
WILLIAM B. EAGLESON	Chairman of the Board, President, Girard Bank, Bala Cynwyd, Pa.	1977
JAMES PATCHELL	President and Chief Executive Officer, National Bank and Trust Company of Gloucester County, Woodbury, N.J.	1978
CLASS B:		
WILLIAM S. MASLAND	President, C.H. Masland & Sons, Carlisle, Pa.	1976
C. GRAHAM BERWIND, JR.	Chairman and President, Berwind Corporation, Philadelphia, Pa.	1977
HAROLD A. SHAUB	President and Chief Executive Officer, Campbell Soup Co., Camden, N.J.	1978

DISTRICT 3—FEDERAL RESERVE BANK OF PHILADELPHIA—Continued

CLASS C:

		Term expires Dec. 31
JOHN R. COLEMAN[1]	President, Haverford College, Haverford, Pa.	1976
WERNER C. BROWN	President, Hercules, Inc., Wilmington, Del.	1977
JOHN W. ECKMAN[2]	President, Rorer-Amchem, Inc., Fort Washington, Pa.	1978

DISTRICT 4—FEDERAL RESERVE BANK OF CLEVELAND

CLASS A:

EDWARD W. BARKER	Chairman of the Board, First National Bank of Middletown, Ohio	1976
MERLE E. GILLIAND	Chairman of the Board, Chief Executive Officer, Pittsburgh National Bank, Pittsburgh, Pa.	1977
RICHARD P. RAISH	President, First National Bank of Bellevue, Ohio	1978

CLASS B:

CHARLES Y. LAZARUS	Chairman of the Board, The F. & R. Lazarus Co., Columbus, Ohio	1976
DONALD E. NOBLE	Chairman of the Board, Chief Executive Officer, Rubbermaid Inc., Wooster, Ohio	1977
RENE C. MCPHERSON	Chairman of the Board, Chief Executive Officer, Dana Corporation, Toledo, Ohio	1978

CLASS C:

ROBERT E. KIRBY[2]	Chairman and Chief Executive Officer, Westinghouse Electric Corporation, Pittsburgh, Pa.	1976
HORACE A. SHEPARD[1]	Chairman of the Board, Chief Executive Officer, TRW Inc., Cleveland, Ohio	1977
OTIS A. SINGLETARY	President, University of Kentucky, Lexington, Ky.	1978

CINCINNATI BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

JOSEPH F. RIPPE	President, The Provident Bank, Cincinnati, Ohio	1976
JOE D. BLOUNT	President, National Bank of Cynthiana, Ky.	1977
ROBERT A. KERR	Chairman of the Board and President, Winters National Bank and Trust Co., Dayton, Ohio	1978
LAWRENCE C. HAWKINS	Vice President, University of Cincinnati, Ohio	1978

APPOINTED BY BOARD OF GOVERNORS:

CLAIR F. VOUGH	Chairman, Productivity Research International, Inc., Lexington, Ky.	1976
LAWRENCE H. ROGERS II[1]	President, Taft Broadcasting Company, Cincinnati, Ohio	1977
MARTIN B. FRIEDMAN	President, Formica Corporation, Cincinnati, Ohio	1978

DISTRICT 4—FEDERAL RESERVE BANK OF CLEVELAND—Continued

PITTSBURGH BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

		Term expires Dec. 31
MALCOLM E. LAMBING, JR.	President, Chief Executive Officer, The First National Bank of Pennsylvania, Erie, Pa.	1976
RICHARD D. EDWARDS	President, Union National Bank, Pittsburgh, Pa.	1977
R. BURT GOOKIN	Vice Chairman and Chief Executive Officer, H.J. Heinz Co., Pittsburgh, Pa.	1978
WILLIAM E. MIDKIFF, III	Chairman of the Board and Chief Executive Officer, First National Bank and Trust Company in Steubenville, Ohio	1978

APPOINTED BY BOARD OF GOVERNORS:

G. JACKSON TANKERSLEY[1]	President, Consolidated Natural Gas Company, Pittsburgh, Pa.	1976
ARNOLD R. WEBER	Dean, Graduate School of Industrial Administration, Provost, Carnegie-Mellon University, Pittsburgh, Pa.	1977
W. H. KNOELL	President, Cyclops Corporation, Pittsburgh, Pa.	1978

DISTRICT 5—FEDERAL RESERVE BANK OF RICHMOND

CLASS A:

PLATO P. PEARSON, JR.	Chairman and President, The Citizens National Bank, Gastonia, N.C.	1976
JAMES A. HARDISON	Chairman and President, The First National Bank of Anson County, Wadesboro, N.C.	1977
J. OWEN COLE	Chairman of the Board and President, First National Bank of Maryland, Baltimore, Md.	1978

CLASS B:

ANDREW L. CLARK	President, Andy Clark Ford, Inc., Princeton, W. Va.	1976
HENRY CLAY HOFHEIMER, II	Chairman of the Board, Virginia Real Estate Investment Trust, Norfolk, Va.	1977
OSBY L. WEIR	Retired General Manager, Metropolitan Washington-Baltimore Area, Sears Roebuck and Company, Bethesda, Md.	1978

CLASS C:

E. ANGUS POWELL[1]	President, Chesterfield Land & Timber Corp., Midlothian, Va.	1976
E. CRAIG WALL, SR.[2]	Chairman of the Board, Canal Industries, Inc., Conway, S.C.	1977
MACEO A. SLOAN	Senior Vice President, North Carolina Mutual Life Insurance Co., Durham, N.C.	1978

DISTRICT 5—FEDERAL RESERVE BANK OF RICHMOND—Continued

BALTIMORE BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

		Term expires Dec. 31
J. STEVENSON PECK	Chairman of the Board, Union Trust Company of Maryland, Baltimore, Md.	1976
LACY I. RICE, JR.	President, The Old National Bank of Martinsburg, W.Va., and President, Suburban National Bank of Martinsburg, W.Va.	1976
J. PIERRE BERNARD	Chairman of the Board, The Annapolis Banking and Trust Company, Annapolis, Md.	1977
CATHERINE B. DOEHLER	Senior Vice President, Chesapeake Financial Corporation, Baltimore, Md.	1978

APPOINTED BY BOARD OF GOVERNORS:

I. E. KILLIAN	Manager, Eastern Region, Exxon Company, U.S.A., Baltimore, Md.	1976
JAMES G. HARLOW[1]	President, West Virginia University, Morgantown, W.Va.	1977
DAVID W. BARTON, JR.	President, The Barton-Gillet Company, Baltimore, Md.	1978

CHARLOTTE BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

THOMAS L. BENSON	President, The Conway National Bank, Conway, S.C.	1976
W. B. APPLE, JR.	President and Trust Officer, First National Bank of Reidsville, N.C.	1976
JOHN T. FIELDER	President, J.B. Ivey and Company, Charlotte, N.C.	1977
WILLIAM W. BRUNER	Chairman of the Board, President, First National Bank of South Carolina, Columbia, S.C.	1978

APPOINTED BY BOARD OF GOVERNORS:

CHARLES W. DEBELL[1]	General Manager, North Carolina Works, Western Electric Company, Inc., Winston-Salem, N.C.	1976
CHARLES F. BENBOW	Senior Vice President, R.J. Reynolds Industries, Inc., Winston-Salem, N.C.	1977
ROBERT C. EDWARDS	President, Clemson University, Clemson, S.C.	1978

DISTRICT 6—FEDERAL RESERVE BANK OF ATLANTA

CLASS A:

JOHN T. OLIVER, JR.	President, First National Bank of Jasper, Ala.	1976
JACK P. KEITH	President, First National Bank of West Point, Ga.	1977
SAM I. YARNELL	Chairman, American National Bank and Trust Company, Chattanooga, Tenn.	1978

DISTRICT 6—FEDERAL RESERVE BANK OF ATLANTA—Continued

CLASS B:		*Term expires Dec. 31*
ROBERT T. HORNBECK	Manager, Tennessee Operations, Aluminum Company of America, Alcoa, Tenn.	1976
ULYSSES V. GOODWYN	Executive Vice President, Southern Natural Resources, Inc., Birmingham, Ala.	1977
GEORGE W. JENKINS	Chairman, Publix Super Markets, Inc., Lakeland, Fla.	1978

CLASS C:

CLIFFORD M. KIRTLAND, JR.[2]	President, Cox Broadcasting Corporation, Atlanta, Ga.	1976
H. G. PATTILLO[1]	Chairman of the Board, Pattillo Construction Company, Inc., Decatur, Ga.	1977
FRED ADAMS, JR.	President, Cal-Maine Foods, Inc., Jackson, Miss.	1978

BIRMINGHAM BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

CLARENCE L. TURNIPSEED	President, First National Bank, Brewton, Ala.	1976
JOHN MAPLES, JR.	Executive Vice President, Union Bank & Trust Company, Montgomery, Ala.	1976
D.C. WADSWORTH, JR.	President, American National Bank of Gadsden, Ala.	1977
ROBERT H. WOODROW, JR.	Chairman of the Board and Chief Executive Officer, First National Bank of Birmingham, Ala.	1978

APPOINTED BY BOARD OF GOVERNORS:

WILLIAM H. MARTIN, III	Executive Vice President, Martin Industries, Sheffield, Ala.	1976
HAROLD B. BLACH, JR.[1]	President, J. Blach & Sons, Inc., Birmingham, Ala.	1977
FRANK P. SAMFORD, JR.	Chairman of the Board, Liberty National Life Insurance Co., Birmingham, Ala.	1978

JACKSONVILLE BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

MACDONNELL TYRE	Chairman, Sun First National Bank of Orlando, Fla.	1976
RICHARD A. COOPER	Chairman of the Board, First National Bank of New Port Richey, Fla.	1976
CHAUNCEY W. LEVER	Chairman, Florida National Banks of Florida, Inc., Jacksonville, Fla.	1977
JOHN T. CANNON, III	President, Barnett Bank of Cocoa, N.A., Cocoa, Fla.	1978

APPOINTED BY BOARD OF GOVERNORS

EGBERT R. BEALL[1]	President, Beall's Department Stores, Bradenton, Fla.	1976
GERT H. W. SCHMIDT	President, TeLeVision 12 of Jacksonville, Fla.	1977
JAMES E. LYONS	President, Lyons Industrial Corporation, Winter Haven, Fla.	1978

DISTRICT 6—FEDERAL RESERVE BANK OF ATLANTA—Continued

MIAMI BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

		Term expires Dec. 31
Michael J. Franco	Chairman, City National Bank of Miami, Fla.	1976
Harry Hood Bassett	Chairman of the Board, Southeast Banking Corporation, Miami, Fla.	1977
Thomas F. Fleming, Jr.	Chairman of the Board, First Bancshares of Florida, Inc., Boca Raton, Fla.	1978
Jean McArthur Davis	President, McArthur Dairy, Inc., Miami, Fla.	1978

APPOINTED BY BOARD OF GOVERNORS:

Castle W. Jordan[1]	President, Aegis Corporation, Coral Gables, Fla.	1976
David G. Robinson	President, Edison Community College, Fort Myers, Fla.	1977
Alvaro Luis Carta	President, Gulf + Western Americas Corporation, Vero Beach, Fla.	1978

NASHVILLE BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

T. Scott Fillebrown, Jr.	Vice Chairman, First American National Bank of Nashville, Tenn.	1976
Fred R. Lawson	President, Blount National Bank of Maryville, Tenn.	1976
W. M. Johnson	President, First National Bank, Sparta, Tenn.	1977
JOHN W. ANDERSEN	President and Chief Executive Officer, First National Bank of Sullivan County, Kingsport, Tenn.	1978

APPOINTED BY BOARD OF GOVERNORS:

James W. Long[1]	President, Robertson County Farm Bureau, Springfield, Tenn.	1976
James R. Lawson	Fisk University, Nashville, Tenn.	1977
JOHN C. BOLINGER	Management Consultant, Knoxville, Tenn.	1978

NEW ORLEANS BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

Martin C. Miler	Chairman of the Board and President, The Hibernia National Bank, New Orleans, La.	1976
Charles W. McCoy	Chairman of the Board, President, Louisiana National Bank, Baton Rouge, La.	1976
R. B. Lampton	President, First National Bank of Jackson, Miss.	1977
WILMORE W. WHITMORE	President and Chief Executive Officer, First National Bank of Houma, La.	1978

DISTRICT 6—FEDERAL RESERVE BANK OF ATLANTA—Continued

NEW ORLEANS BRANCH—Continued

APPOINTED BY BOARD OF GOVERNORS:

		Term expires Dec. 31
HETTIE D. EAVES	Executive Vice President, Avondale Shipyards, Inc., New Orleans, La.	1976
GEORGE C. CORTRIGHT	President, George C. Cortright Co., Rolling Fork, Miss.	1977
EDWIN J. CAPLAN[1]	President, Caplan's Men's Shops, Inc., Alexandria, La.	1978

DISTRICT 7—FEDERAL RESERVE BANK OF CHICAGO

CLASS A:

JAY J. DELAY	President, Huron Valley National Bank, Ann Arbor, Mich.	1976
JOHN F. SPIES	President, Iowa Trust and Savings Bank, Emmetsburg, Iowa	1977
A. ROBERT ABBOUD	Chairman of the Board, First National Bank of Chicago, Ill.	1978

CLASS B:

PAUL V. FARVER	President, Rolscreen Company, Pella, Iowa	1976
JOHN T. HACKETT	Executive Vice President, Cummins Engine Company, Inc., Columbus, Ind.	1977
OSCAR G. MAYER	Chairman of the Executive Committee, Oscar Mayer & Co., Inc., Madison, Wis.	1978

CLASS C:

ROBERT H. STROTZ[2]	President, Northwestern University, Evanston, Ill.	1976
LEO H. SCHOENHOFEN	Chairman of the Board, Marcor Inc., Chicago, Ill.	1977
PETER B. CLARK[1]	Chairman of the Board, President, The Evening News Association, Detroit, Mich.	1978

DETROIT BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

ROBERT M. SURDAM	Chairman of the Board, National Detroit Corporation, Detroit, Mich.	1976
HAROLD A. ELGAS	President, Gaylord State Bank, Gaylord, Mich.	1977
JOSEPH B. FOSTER	President, Ann Arbor Bank, Ann Arbor, Mich.	1978
CHARLES R. MONTGOMERY	President, Consolidated Gas Company, Detroit, Mich.	1978

APPOINTED BY BOARD OF GOVERNORS:

JORDAN B. TATTER	President and Chief Executive Officer, Southern Michigan Cold Storage Co., Benton Harbor, Mich.	1976
TOM KILLEFER[1]	Executive Vice President and General Counsel, Chrysler Corporation, Detroit, Mich.	1977
HERBERT H. DOW	Secretary, Dow Chemical Company, Midland, Mich.	1978

DISTRICT 8—FEDERAL RESERVE BANK OF ST. LOUIS

CLASS A:

		Term expires Dec. 31
RAYMOND C. BURROUGHS	President, The City National Bank of Murphysboro, Ill.	1976
DONALD N. BRANDIN	Chairman of the Board and President, The Boatmen's National Bank of St. Louis, Mo.	1977
WILLIAM E. WEIGEL	Executive Vice President, First National Bank & Trust Co., Centralia, Ill.	1978

CLASS B:

FRED I. BROWN, JR.	President, Arkansas Foundry Company, Little Rock, Ark.	1976
RALPH C. BAIN	Senior Vice President and General Manager, Arkla Industries, Inc., Evansville, Ind.	1977
TOM K. SMITH	Group Vice President, Monsanto Company, St. Louis, Mo.	1978

CLASS C:

HARRY M. YOUNG, JR.	Melrose Farm, Herndon, Ky.	1976
EDWARD J. SCHNUCK[1]	Chairman of the Board, Schnuck Markets, Inc., Bridgeton, Mo.	1977
Vacancy		1978

LITTLE ROCK BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

HERBERT H. MCADAMS, II	Chairman of the Board, Chief Executive Officer, Union National Bank of Little Rock, Ark.	1976
THOMAS E. HAYS, JR.	President and Chief Executive Officer, First National Bank of Hope, Ark.	1977
THOMAS G. VINSON	Executive Vice President, The Citizens Bank, Batesville, Ark.	1978
FIELD WASSON	President, The First National Bank, Siloam Springs, Ark.	1978

APPOINTED BY BOARD OF GOVERNORS:

ROLAND R. REMMEL	Chairman of the Board, Southland Building Products Co., Little Rock, Ark.	1976
RONALD W. BAILEY[1]	Executive Vice President and General Manager, Producers Rice Mill, Inc., Stuttgart, Ark.	1977
GEORGE L. KELLEY	President, Pickens-Bond Construction Company, Little Rock, Ark.	1978

LOUISVILLE BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

HAROLD E. JACKSON	President, The Scott County State Bank, Scottsburg, Ind.	1976
J. DAVID GRISSOM	President and Chief Operating Officer, Citizens Fidelity Corporation, Louisville, Ky.	1977
TOM G. VOSS	President, The Seymour National Bank, Seymour, Ind.	1978
FRED B. ONEY	President, The First National Bank of Carrollton, Ky.	1978

DISTRICT 8—FEDERAL RESERVE BANK OF ST. LOUIS—Continued

LOUISVILLE BRANCH—Continued

APPOINTED BY BOARD OF GOVERNORS:

		Term expires Dec. 31
WILLIAM H. STROUBE[1]	Associate Dean, College of Science and Technology, Western Kentucky University, Bowling Green, Ky.	1976
JAMES C. HENDERSHOT	President, Reliance Universal, Inc., Louisville, Ky.	1977
JAMES H. DAVIS	Chairman of the Board, Chief Executive Officer, Porter Paint Co., Louisville, Ky.	1978

MEMPHIS BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

WILLIAM M. CAMPBELL	Chairman of the Board, Chief Executive Officer, First National Bank of Eastern Arkansas, Forrest City, Ark.	1976
CHARLES S. YOUNGBLOOD	President and Chief Executive Officer, First Columbus National Bank, Columbus, Miss.	1977
WILLIAM W. MITCHELL	Chairman and Chief Executive Officer, First National Bank of Memphis, Tenn.	1978
STALLINGS LIPFORD	President, First-Citizens National Bank, Dyersburg, Tenn.	1978

APPOINTED BY BOARD OF GOVERNORS:

ROBERT E. HEALY[1]	Partner-in-Charge of the Mid-South Area, Price Waterhouse & Co., Memphis, Tenn.	1976
FRANK A. JONES, JR.	President, Cook Industries, Inc., Memphis, Tenn.	1977
JEANNE L. HOLLEY	Associate Professor of Business Education, University of Mississippi, University, Miss.	1978

DISTRICT 9—FEDERAL RESERVE BANK OF MINNEAPOLIS

CLASS A:

CHARLES T. UNDLIN	President, First National Bank of the Black Hills, Rapid City, S. Dak.	1976
WILLIAM E. RYAN	President, Citizens State Bank, Ontonagon, Mich.	1977
JOHN S. ROUZIE	President, First National Bank of Bowman, N. Dak.	1978

CLASS B:

WARREN B. JONES	Secretary-Treasurer, General Manager, Two Dot Land & Livestock Co., Harlowton, Mont.	1976
DONALD P. HELGESON	Secretary-Treasurer, Jack Frost, Inc., St. Cloud, Minn.	1977
RUSSELL G. CLEARY	Chairman, President and Chief Executive Officer, G. Heileman Brewing Company, LaCrosse, Wis.	1978

CLASS C:

HOWARD R. SWEARER	President, Carleton College, Northfield, Minn.	1976
STEPHEN F. KEATING[2]	Chairman of the Board, Honeywell, Inc., Minneapolis, Minn.	1977
JAMES P. MCFARLAND[1]	Chairman of the Board, Chief Executive Officer, General Mills, Inc., Minneapolis, Minn.	1978

DISTRICT 9—FEDERAL RESERVE BANK OF MINNEAPOLIS—Continued

HELENA BRANCH

		Term expires Dec. 31
APPOINTED BY FEDERAL RESERVE BANK:		
JOHN REICHEL	President, First National Bank, Great Falls, Mont.	1976
GEORGE H. SELOVER	President and General Manager, Selover Buick-Jeep, Inc., Billings, Mont.	1976
DONALD OLSSON	President, Ronan State Bank, Ronan, Mont.	1977
APPOINTED BY BOARD OF GOVERNORS:		
JAMES C. GARLINGTON[1]	Senior Partner, Garlington, Lohn & Robinson, Attorneys, Missoula, Mont.	1976
REGINALD M. DAVIES	Owner-Operator, S Bar B Ranch, Chinook, Mont.	1977

DISTRICT 10—FEDERAL RESERVE BANK OF KANSAS CITY

CLASS A:		
PHILIP HAMM	President, First National Bank & Trust Company, El Dorado, Kans.	1976
CRAIG BACHMAN	President, First National Bank of Centralia, Kans.	1977
JAMES M. KEMPER, JR.	Chairman and President, Commerce Bancshares, Inc., Kansas City, Mo.	1978
CLASS B:		
DONALD J. HALL	President, Hallmark Cards, Inc., Kansas City, Mo.	1976
FRANK C. LOVE	Of Counsel, Crowe, Dunlevy, Thweatt, Swinford, Johnson and Burdick, Oklahoma City, Okla.	1977
ALAN R. SLEEPER	Livestock and Ranching, Alden, Kans.	1978
CLASS C:		
ROBERT T. PERSON[1]	Chairman of the Board, President, Public Service Co. of Colorado, Denver, Colo.	1976
JOSEPH H. WILLIAMS	President, The Williams Companies, Tulsa, Okla.	1977
HAROLD W. ANDERSEN[2]	President, Omaha World-Herald Company, Omaha, Nebr.	1978

DENVER BRANCH

APPOINTED BY FEDERAL RESERVE BANK:		
DALE R. HINMAN	Chairman of the Board, The Greeley National Bank, Greeley, Colo.	1976
WILLIAM H. VERNON	Chairman of the Board, Chief Executive Officer, Santa Fe National Bank, Santa Fe, N. Mex.	1976
FELIX BUCHENROTH, JR.	President, The Jackson State Bank, Jackson, Wyo.	1977

DISTRICT 10—FEDERAL RESERVE BANK OF KANSAS CITY—Continued

DENVER BRANCH—Continued

APPOINTED BY BOARD OF GOVERNORS:

		Term expires Dec. 31
EDWARD R. LUCERO	President and Chairman, Colorado Economic Development Association, Denver, Colo.	1976
MAURICE B. MITCHELL[1]	Chancellor, University of Denver, Colo.	1977

OKLAHOMA CITY BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

HUGH C. JONES	Executive Vice President, The Bank of Woodward, Okla.	1976
V. M. THOMPSON, JR.	President, Utica National Bank and Trust Co., Tulsa, Okla.	1976
J. A. MAURER	Chairman of the Board, The Security National Bank and Trust Company, Duncan, Okla.	1977

APPOINTED BY BOARD OF GOVERNORS:

HARLEY CUSTER	General Manager, National Livestock Commission Association, Oklahoma City, Okla.	1976
JAMES G. HARLOW, JR.[1]	President, Oklahoma Gas and Electric Co., Oklahoma City, Okla.	1977

OMAHA BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

F. PHILLIPS GILTNER	President, First National Bank of Omaha, Nebr.	1976
GLENN YAUSSI	Vice Chairman of the Board, National Bank of Commerce Trust & Savings, Lincoln, Nebr.	1977
ROY G. DINSDALE	Chairman of the Board, Farmers National Bank of Central City, Nebr.	1977

APPOINTED BY BOARD OF GOVERNORS:

EDWARD F. OWEN	President, Paxton & Vierling Steel Company, Omaha, Nebr.	1976
DURWARD B. VARNER[1]	President, University of Nebraska, Lincoln, Nebr.	1977

DISTRICT 11—FEDERAL RESERVE BANK OF DALLAS

CLASS A:

GENE D. ADAMS	President, The First National Bank of Seymour, Tex.	1976
FRANK JUNELL	Chairman of the Board, The Central National Bank of San Angelo, Tex.	1977
ROBERT H. STEWART, III	Chairman of the Board, First International Bancshares, Dallas, Tex.	1978

DISTRICT 11—FEDERAL RESERVE BANK OF DALLAS—Continued

CLASS B:

		Term expires Dec. 31
Stewart Orton	President, Foley's Inc., Houston, Tex.	1976
Gerald D. Hines	Owner, Gerald D. Hines Interests, Houston, Tex.	1977
Thomas W. Herrick	Cattle and Investments, Amarillo, Tex.	1978

CLASS C:

John Lawrence[1]	Chairman of the Board, Dresser Industries, Inc., Dallas, Tex.	1976
Irving A. Mathews	Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Tex.	1977
Charles T. Beaird[2]	Chairman of the Board, Beaird-Poulan Division, Emerson Electric Co., Shreveport, La.	1978

EL PASO BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

C. J. Kelly	Chairman of the Board, The First National Bank of Midland, Tex.	1976
Wayne Stewart	President, First National Bank in Alamogordo, N. Mex.	1977
Reed H. Chittim	President, First National Bank of Lea County, Hobbs, N. Mex.	1978
ARNOLD B. PEINADO, JR.	President, Peinado, Peinado & Navarro, Consulting Structural Engineers, El Paso, Tex.	1978

APPOINTED BY BOARD OF GOVERNORS:

Herbert M. Schwartz	President, Popular Dry Goods Co., Inc., El Paso, Tex.	1976
Gage Holland	Owner, Gage Holland Ranch, Alpine, Tex.	1977
J. Luther Davis[1]	Chairman of the Board, President, Tucson Gas & Electric Company, Tucson, Ariz.	1978

HOUSTON BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

Page K. Stubblefield	President, Victoria Bank & Trust Company, Victoria, Tex.	1976
Seth W. Dorbandt	Chairman and President, First National Bank in Conroe, Tex.	1977
Bookman Peters	President, The City National Bank of Bryan, Tex.	1978
Nat S. Rogers	President, First City National Bank of Houston, Tex.	1978

APPOINTED BY BOARD OF GOVERNORS:

Thomas J. Barlow[1]	President and Chief Executive Officer, Anderson Clayton & Co., Houston, Tex.	1976
Gene M. Woodfin	President, Chairman, and Chief Executive Officer, Marathon Manufacturing Company, Houston, Tex.	1977
Alvin I. Thomas	President, Prairie View A & M University, Prairie View, Tex.	1978

DISTRICT 11—FEDERAL RESERVE BANK OF DALLAS—Continued

SAN ANTONIO BRANCH

		Term expires Dec. 31
APPOINTED BY FEDERAL RESERVE BANK:		
BEN R. LOW	President, First National Bank of Kerrville, Tex.	1976
LEON STONE	President, The Austin National Bank, Austin, Tex.	1977
RICHARD W. CALVERT	President, National Bank of Commerce of San Antonio, Tex.	1978
JOHN H. HOLCOMB	Owner-Manager, Progreso Haciendas Company, Holcomb Farms, Progreso, Tex.	1978
APPOINTED BY BOARD OF GOVERNORS:		
MARGARET SCARBROUGH WILSON[1]	Chairman of the Board and Chief Executive Officer, Scarbroughs Stores, Austin, Tex.	1976
MARSHALL BOYKIN, III	Senior Partner, Wood, Boykin & Wolter, Lawyers, Corpus Christi, Tex.	1977
PETE J. MORALES, JR.	President and General Manager, Morales Feed Lots, Inc., Devine, Tex.	1978

DISTRICT 12—FEDERAL RESERVE BANK OF SAN FRANCISCO

CLASS A:		
A. W. CLAUSEN	President, Chief Executive Officer, Bank of America NT & SA, San Francisco, Calif.	1976
CARL E. SCHROEDER	Chairman and Chief Executive Officer, The First National Bank of Orange County, Orange, Calif.	1977
RONALD S. HANSON	President, The First National Bank of Logan, Utah	1978
CLASS B:		
CLAIR L. PECK	Chairman of the Board, C. L. Peck Contractor, Los Angeles, Calif.	1976
CHARLES R. DAHL	President and Chief Executive Officer, Crown Zellerbach Corporation, San Francisco, Calif.	1977
MALCOLM T. STAMPER	President, The Boeing Company, Seattle, Wash.	1978
CLASS C:		
O. MEREDITH WILSON[1]	Retired President, Center for Advanced Study in the Behavioral Sciences, Stanford, Calif.	1976
CORNELL C. MAIER	President and Chief Executive Officer, Kaiser Aluminum & Chemical Corporation, Oakland, Calif.	1977
JOSEPH F. ALIBRANDI[2]	President and Chief Executive Officer, Whittaker Corp., Los Angeles, Calif.	1978

DISTRICT 12—FEDERAL RESERVE BANK OF SAN FRANCISCO—Continued

LOS ANGELES BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

		Term expires Dec. 31
LINUS E. SOUTHWICK	President, Valley National Bank, Glendale, Calif.	1976
ROBERT A. BARLEY	President, United California Bank, Los Angeles, Calif.	1976
RAYBURN S. DEZEMBER	Chairman and President, American National Bank, Bakersfield, Calif.	1977
W. GORDON FERGUSON	President, National Bank of Whittier, Calif.	1978

APPOINTED BY BOARD OF GOVERNORS:

ARMANDO M. RODRIGUEZ	President, East Los Angeles College, Los Angeles, Calif.	1976
JOSEPH R. VAUGHAN[1]	President, Knudsen Corporation, Los Angeles, Calif.	1977
HARVEY A. PROCTOR	Chairman of the Board, Southern California Gas Company, Los Angeles, Calif.	1978

PORTLAND BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

FRANK L. SERVOSS	President, Crater National Bank, Medford, Oreg.	1976
JAMES H. STANARD	Executive Vice President, First National Bank of McMinnville, Oreg.	1976
KEN SMITH	General Manager, The Confederated Tribes of the Warm Springs Reservation, Warm Springs, Oreg.	1977

APPOINTED BY BOARD OF GOVERNORS:

JOHN R. HOWARD	President, Lewis and Clark College, Portland, Oreg.	1976
LORAN L. STEWART[1]	President, Bohemia Inc., Eugene, Oreg.	1977

SALT LAKE CITY BRANCH

APPOINTED BY FEDERAL RESERVE BANK:

ROY W. SIMMONS	President, Zions First National Bank, Salt Lake City, Utah	1976
DAVID P. GARDNER	President, University of Utah, Salt Lake City, Utah	1976
MARY S. JENSEN	Chairman of the Board, Idaho State Bank, Glenns Ferry, Idaho	1977

APPOINTED BY BOARD OF GOVERNORS:

SAM BENNION[1]	President, V-1 Oil Company, Idaho Falls, Idaho	1976
THEODORE C. JACOBSEN	Partner, Jacobsen Construction Company, Inc., Salt Lake City, Utah	1977

DISTRICT 12—FEDERAL RESERVE BANK OF SAN FRANCISCO—Continued

SEATTLE BRANCH

		Term expires Dec. 31
APPOINTED BY FEDERAL RESERVE BANK:		
HARRY S. GOODFELLOW	Chairman of the Board and Chief Executive Officer, Old National Bank of Washington, Spokane, Wash.	1976
RUFUS C. SMITH	Chairman of the Board, The First National Bank of Enumclaw, Wash.	1977
Vacancy		1976
APPOINTED BY BOARD OF GOVERNORS:		
LLOYD E. COONEY[1]	President and General Manager, KIRO-Radio & Television, Seattle, Wash.	1976
THOMAS T. HIRAI	President and Director, Quality Growers Company, Woodinville, Wash.	1977

Announcements

APPOINTMENT OF MR. GARDNER AS A MEMBER OF THE BOARD OF GOVERNORS

President Ford on January 15, 1976, announced his intention to appoint Stephen S. Gardner as a member of the Board of Governors of the Federal Reserve System. Mr. Gardner's appointment was subsequently confirmed by the Senate on January 29, and his oath of office was administered on February 13.

The text of the White House announcement follows:

> The President has announced his intention to nominate Stephen S. Gardner, of Wawa, Pennsylvania, to be a member of the Board of Governors of the Federal Reserve System for a term of fourteen years beginning February 1, 1976. He will succeed George W. Mitchell whose term expires January 31, 1976. Upon confirmation by the Senate, the President will designate Mr. Gardner as Vice Chairman of the Board of Governors.
>
> Mr. Gardner was born on December 26, 1921, in Wakefield, Massachusetts. He was educated at Boston University, Harvard College, and received his M.B.A. from Harvard Graduate School of Business Administration in 1949.
>
> In 1949, Mr. Gardner joined the Girard Trust Bank in Philadelphia, Pennsylvania, and became President in 1966, serving until 1971, when he became Chairman of the Board. He was named to his current position as Deputy Secretary of the Treasury on July 31, 1974.
>
> Mr. Gardner is married to the former Connie Andonegui and they have five children. They reside in the District of Columbia.

CHANGE IN DISCOUNT RATE

The Board of Governors has announced the approval of action by directors of the Federal Reserve Bank of St. Louis reducing the discount rate of that Bank from 6 per cent to 5½ per cent, effective January 23. At that time the rate was 5½ per cent at all Federal Reserve Banks.

POLICY STATEMENT ON FOREIGN JOINT VENTURES

The Board of Governors on February 12, 1976, issued a statement of policy concerning the participation in foreign joint ventures by U.S. banking organizations. The policy is designed to deal with possible future risks entailed in becoming a shareholder in a foreign joint venture.

The policy statement is similar to that issued for comment by the Board on December 23. Some changes were made in the statement in light of public comments that were received since that time.

As a matter of policy, the Board will take the following factors, among others, into account in considering whether to approve an application to invest in a foreign joint venture:

1. The possibility that the venture might need additional financial support.
2. The possibility that the additional support might be significantly larger than the original equity investment in the joint venture.

The policy statement is not intended to prohibit or discourage joint ventures abroad. Its objective is to clarify for all parties the probable dimensions of the risks involved in such ventures.

REGULATION Z: Amendments and Interpretations

The Board of Governors of the Federal Reserve System announced on January 27, 1976, regulatory amendments to carry out recent legislative revisions in the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act.

The amendments to Regulation Z will:

1. Eliminate the need to make Truth in Lending disclosures together with RESPA disclosures.
2. Eliminate the requirement for disclosure of closing costs in certain real estate transactions not covered by RESPA. This rescinds a regulatory amendment announced by the Board on October 24, 1975, and scheduled to have gone into effect on January 31.

The Board on February 3, 1976, issued two interpretations to the Fair Credit Billing section of its Regulation Z.

The interpretations relate to:

1. The timing of the semiannual statement creditors must send to their customers explaining the procedures for correcting billing errors. This interpretation also permits a creditor to omit any portion of the semiannual notice that does not apply to a particular credit plan.
2. Modification of semiannual statements sent in States that have their own substantially similar fair credit billing acts.

CHANGES IN BOARD STAFF

The Board has announced a reorganization of its staff management functions, effective January 20, 1976.

The Office of Managing Director for Research and Economic Policy has been eliminated and an Office of Staff Director for Monetary Policy created. Stephen H. Axilrod, Adviser to the Board, has been appointed the Staff Director for Monetary Policy and Arthur L. Broida, Assistant to the Board, Deputy Staff Director.

The Office of Managing Director for Operations has been redesignated the Office of Staff Director for Management and John M. Denkler, Managing Director for Operations, named Staff Director. Robert J. Lawrence, Deputy Managing Director for Operations, has been designated Deputy Staff Director for Management.

The Board has also announced the temporary appointment of Joseph P. Garbarini, Vice President, Federal Reserve Bank of St. Louis, as an Assistant Secretary of the Board, replacing Robert E. Smith III, who has returned to the Federal Reserve Bank of Dallas.

Mr. Garbarini, who holds a B.S. from Christian Brothers College and has attended the School of Banking of the South at Louisiana State University, joined the staff of the Federal Reserve Bank of St. Louis, Memphis Branch, in 1960 and was appointed Vice President of the Bank in 1971. He also served as Secretary of the Conference of Presidents of the Federal Reserve System in 1971.

STATISTICAL RELEASE: Automobile Credit

The Board of Governors has consolidated three statistical releases on automobile credit and terms into a single release, issued monthly. In addition to data on volume of credit extended for new and used cars, average notes, and number financed, the new release shows finance company data on maturities, loan-to-value ratios, and finance rates and figures for maturities on new-car loans at commercial banks.

To be placed on the mailing list for this release, entitled "G. 26, Automobile Credit," direct requests to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Historical data are available on request from the Mortgage and Consumer Finance Section, Division of Research and Statistics, at the Board.

ADMISSION OF STATE BANKS TO MEMBERSHIP IN SYSTEM

The following banks were admitted to membership in the Federal Reserve System during the period January 16, 1976, through February 15, 1976:

Missouri

Kansas City .... Baltimore Bank and Trust Company

Montana

Helena .... Northwestern Union Trust Co.

Industrial Production

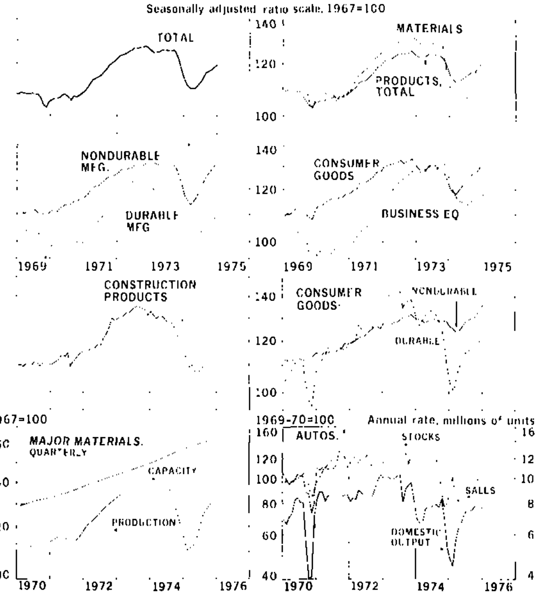
Released for publication February 13

Industrial production increased by an estimated 0.7 per cent in January following revised increases of 0.6 per cent and 0.9 per cent in November and December, respectively. The January increase reflected continued gains in all major components of the index. At 119.3 per cent of the 1967 average, the total has risen 8.5 per cent since the April 1975 low.

Among consumer goods, durables apparently increased further, as production of home goods expanded and auto assemblies were only slightly reduced. Auto production is currently scheduled to increase to an 8.0 million rate in February, from a 7.6 million unit annual rate in January. Output of nondurable consumer goods, which was revised upward in December, continued to expand in January. Business equipment production is estimated to have increased 0.7 per cent in January, following a December rise of 0.8 per cent.

Production of durable goods materials apparently increased almost 1 per cent in January from a December level, which was revised downward substantially. Gains in output of nondurable goods materials continued in January but at a somewhat slower rate than earlier.

Production of energy materials changed little in January. Total electricity output and use for industrial purposes increased further in December by 2.4 per cent with use for non-nuclear purposes rising 1 per cent, as shown by new data introduced in the January 1976 BULLETIN.



F.R. indexes, seasonally adjusted. Latest figures: January.
*Auto sales and stocks include imports.

Industrial production	Seasonally adjusted 1967 = 100				Per cent changes from		
	1975			1976			
	Oct.	Nov.	Dec.[p]	Jan.[e]	Month ago	Year ago	Q3 to Q4
Total	**116.7**	**117.4**	**118.5**	**119.3**	**.7**	**4.9**	**3.0**
Products, total	116.9	117.8	119.9	120.6	.6	4.5	1.9
Final products	117.0	117.8	119.8	120.6	.7	5.0	1.7
Consumer goods	127.0	128.6	130.8	132.1	1.0	10.0	2.2
Durable goods	118.3	119.0	120.5	121.5	.8	16.8	2.1
Nondurable goods	130.5	132.5	135.1	136.1	.7	7.8	2.5
Business equipment	115.7	116.4	117.3	118.1	.7	3.4	1.5
Intermediate products	117.0	117.8	120.4	121.1	.6	3.0	2.6
Construction products	112.5	112.5	113.2	114.0	.7	1.5	2.6
Materials	116.5	116.5	116.4	117.3	.8	6.2	4.9

[p]Preliminary. [e]Estimated.

Financial and Business Statistics

CONTENTS

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS

(In millions of dollars)

Period or date	Factors supplying reserve funds									
	Reserve Bank credit outstanding							Gold stock	Special Drawing Rights certificate account	Treasury currency outstanding
	U.S. Govt. securities[1]			Loans	Float[3]	Other F.R. assets[4]	Total[5]			
	Total	Bought outright[2]	Held under repurchase agreement							
Averages of daily figures										
1939—Dec.	2,510	2,510	....	8	83	....	2,612	17,518	....	2,956
1941—Dec.	2,219	2,219	....	5	170	....	2,404	22,759	....	3,239
1945—Dec.	23,708	23,708	....	381	652	....	24,744	20,047	....	4,322
1950—Dec.	20,345	20,336	9	142	1,117	....	21,606	22,879	....	4,629
1960—Dec.	27,248	27,170	78	94	1,665	....	29,060	17,954	....	5,396
1969—Dec.	57,500	57,295	205	1,086	3,235	2,204	64,100	10,367	....	6,841
1970—Dec.	61,688	61,310	378	321	3,570	1,032	66,708	11,105	400	7,145
1971—Dec.	69,158	68,868	290	107	3,905	982	74,255	10,132	400	7,611
1972—Dec.	71,094	70,790	304	1,049	3,479	1,138	76,851	10,410	400	8,293
1973—Dec.	79,701	78,833	868	1,298	3,414	1,079	85,642	11,567	400	8,668
1974—Dec.	86,679	85,202	1,477	703	2,734	3,129	93,967	11,630	400	9,179
1975—Jan.	86,039	85,369	670	390	2,456	3,391	93,002	11,647	400	9,235
Feb.	84,744	83,843	901	147	2,079	3,419	91,168	11,626	400	9,284
Mar.	84,847	84,398	449	106	1,994	3,142	90,819	11,620	400	9,362
Apr.	87,080	86,117	963	110	2,061	3,237	93,214	11,620	400	9,410
May	91,918	89,355	2,563	60	1,877	3,039	97,845	11,620	429	9,464
June	88,912	87,618	1,294	271	2,046	3,098	95,119	11,620	500	9,536
July	88,166	87,882	284	261	1,911	3,100	94,144	11,620	500	9,616
Aug.	86,829	86,348	481	211	1,691	2,953	92,395	11,604	500	9,721
Sept.	89,191	87,531	1,660	396	1,823	3,060	95,277	11,599	500	r9,797
Oct.	90,476	89,547	929	191	1,945	3,521	96,931	11,599	500	9,877
Nov.	90,934	89,560	1,374	61	2,480	3,481	97,817	11,599	500	10,010
Dec.	92,108	91,225	883	127	3,029	3,534	99,651	11,599	500	10,094
1976—Jan.p	92,998	91,524	1,474	79	2,709	3,505	100,197	11,599	500	10,177
Week ending—										
1975—Nov. 5	92,251	89,755	2,496	67	2,213	3,714	99,245	11,599	500	9,909
12	87,911	87,449	462	39	2,265	3,752	94,725	11,599	500	9,955
19	90,116	89,465	651	58	2,867	3,474	97,311	11,599	500	10,049
26	92,992	90,992	2,000	73	2,295	3,116	99,393	11,599	500	10,061
Dec. 3	91,961	90,887	1,074	66	2,661	3,279	98,850	11,599	500	10,102
10	89,531	89,009	522	28	2,347	3,486	96,170	11,599	500	10,081
17	90,625	90,625	....	44	2,626	3,557	97,585	11,599	500	10,087
24	94,134	92,580	1,554	219	3,144	3,356	101,720	11,599	500	10,099
31	94,468	92,978	1,490	253	4,634	3,466	103,807	11,599	500	10,118
1976—Jan. 7p	94,151	92,462	1,689	71	3,474	3,501	102,243	11,599	500	10,119
14p	90,940	90,940	....	44	2,854	3,414	97,994	11,599	500	10,139
21p	91,705	91,070	635	152	2,411	3,373	98,391	11,599	500	10,157
28p	94,040	91,480	2,560	58	2,411	3,622	101,098	11,599	500	10,246
End of month										
1975—Nov.	91,209	91,209	....	45	3,070	3,252	98,303	11,599	500	10,138
Dec.	94,124	92,789	1,335	211	3,688	3,312	102,461	11,599	500	10,218
1976—Jan.p	96,588	91,850	4,738	64	1,624	3,676	103,182	11,599	500	10,250
Wednesday										
1975—Nov. 5	85,676	85,022	654	52	2,639	3,723	93,066	11,599	500	9,916
12	90,976	87,737	3,239	70	3,430	3,803	99,159	11,599	500	10,033
19	91,967	90,372	1,595	91	3,086	3,082	99,163	11,599	500	10,056
26	96,041	90,956	5,085	184	2,247	3,221	102,816	11,599	500	10,068
Dec. 3	90,231	89,597	634	66	2,811	3,370	97,416	11,599	500	10,077
10	88,758	88,758	....	31	3,273	4,302	97,088	11,599	500	10,087
17	89,885	89,885	....	66	3,635	3,631	97,943	11,599	500	10,087
24	94,459	92,777	1,682	1,263	4,856	3,366	104,914	11,599	500	10,099
31	94,124	92,789	1,335	211	3,688	3,312	102,461	11,599	500	10,218
1976—Jan. 7p	91,872	90,810	1,062	41	3,710	3,443	100,020	11,599	500	10,138
14p	91,507	91,507	....	47	3,402	3,362	99,053	11,599	500	10,142
21p	92,068	92,068	....	841	2,887	3,395	99,927	11,599	500	10,243
28p	98,334	91,833	6,511	138	2,539	3,668	105,845	11,599	500	10,250

[1] Includes Federal agency issues held under repurchase agreements beginning Dec. 1, 1966, and Federal agency issues bought outright beginning Sept. 29, 1971.

[2] Includes, beginning 1969, securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks, and excludes (if any), securities sold and scheduled to be bought back under matched sale–purchase transactions.

[3] Beginning 1960 reflects a minor change in concept; see Feb. 1961 BULLETIN, p. 164.

[4] Beginning Apr. 16, 1969, "Other F.R. assets" and "Other F.R. liabilities and capital" are shown separately; formerly, they were netted together and reported as "Other F.R. accounts."

[5] Includes industrial loans and acceptances until Aug. 21, 1959, when industrial loan program was discontinued. For holdings of acceptances on Wed. and end-of-month dates, see p. A-10. See also note 3.

[6] Includes certain deposits of domestic nonmember banks and foreign owned banking institutions held with member banks and redeposited in

Notes continued on opposite page.

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS—Continued

(In millions of dollars)

Factors absorbing reserve funds										
Currency in circulation	Treasury cash holdings	Deposits, other than member bank reserves with F.R. Banks			Other F.R. accounts[4]	Other F.R. liabilities and capital[4]	Member bank reserves			Period or date
		Treasury	Foreign	Other[3,6]			With F.R. Banks	Currency and coin[7]	Total[8]	
										Averages of daily figures
7,609	2,402	616	739		248	....	11,473	....	11,473	1939—Dec.
10,985	2,189	592	1,531		292	....	12,812	....	12,812	1941—Dec.
28,452	2,269	625	1,247		493	....	16,027	....	16,027	1945—Dec.
27,806	1,290	615	920	353	739	....	17,391	....	17,391	1950—Dec.
33,019	408	522	250	495	1,029	....	16,688	2,595	19,283	1960—Dec.
53,591	656	1,194	146	458	....	2,192	23,071	4,960	28,031	1969—Dec.
57,013	427	849	145	735	....	2,265	23,925	5,340	29,265	1970—Dec.
61,060	453	1,926	290	728	....	2,287	25,653	5,676	31,329	1971—Dec.
66,060	350	1,449	272	631	....	2,362	24,830	6,095	31,353	1972—Dec.
71,646	323	1,892	406	717	....	2,942	28,352	6,635	35,068	1973—Dec.
78,951	220	1,741	357	874	....	3,266	29,767	7,174	36,941	1974—Dec.
77,780	221	2,087	336	884	....	3,264	29,713	7,779	37,492	1975—Jan.
76,979	236	2,374	317	711	....	3,358	28,503	7,062	35,565	Feb.
77,692	277	1,887	363	958	....	3,076	27,948	6,831	34,779	Mar.
78,377	309	3,532	307	718	....	3,137	28,264	6,870	35,134	Apr.
79,102	326	8,115	262	746	....	3,231	27,576	6,916	34,492	May
80,607	355	3,353	272	989	....	3,191	28,007	6,969	34,976	June
81,758	358	2,207	269	711	....	3,135	27,442	7,213	34,655	July
81,822	368	818	274	660	....	3,096	27,183	7,299	34,482	Aug.
[r]81,907	[r]362	3,415	308	798	....	3,169	27,215	7,431	34,646	Sept.
82,215	387	4,940	271	632	....	3,208	27,254	7,313	34,567	Oct.
83,740	415	4,333	297	649	....	3,276	27,215	7,356	34,571	Nov.
85,810	452	3,955	259	906	....	3,247	27,215	7,773	[9]34,989	Dec.
84,625	496	5,903	287	916	....	3,225	27,020	8,442	[9]35,588	1976—Jan.[p]
										Week ending —
82,404	412	6,755	288	652	....	3,382	27,362	7,524	34,886	1975—Nov. 5
83,457	427	2,868	273	583	....	3,109	26,061	7,693	33,754	12
84,021	410	3,321	315	566	....	3,202	27,624	7,117	34,741	19
84,145	432	5,010	277	635	....	3,385	27,670	7,014	34,684	26
84,742	460	4,124	305	877	....	3,297	27,245	7,572	34,817	Dec. 3
85,222	462	1,865	243	921	....	3,044	26,594	7,825	34,419	10
85,686	449	1,943	244	979	....	3,158	27,312	7,827	35,139	17
86,120	445	5,533	254	866	....	3,355	27,345	7,491	34,836	24
86,569	448	6,777	293	891	....	3,477	27,569	8,036	[9]35,611	31
86,011	478	5,939	278	1,185	....	3,059	27,511	7,910	[9]35,531	1976—Jan. 7[p]
85,140	496	3,414	338	903	....	3,167	26,773	8,910	[9]35,813	14[p]
84,288	519	4,040	304	922	....	3,219	27,354	8,735	[9]36,220	21[p]
83,652	450	8,385	230	772	....	3,359	26,595	8,349	[9]35,075	28[p]
										End of month
84,545	463	4,919	347	888	....	3,403	25,971	7,572	33,543	1975—Nov.
86,547	483	7,285	353	1,090	....	2,968	26,052	8,036	[9]34,094	Dec.
83,294	450	10,075	294	651	....	3,459	27,308	8,121	[9]35,560	1976—Jan.[p]
										Wednesday
83,001	426	3,066	355	692	....	3,063	24,478	7,524	32,002	1975—Nov. 5
84,147	421	2,577	222	642	....	3,115	30,167	7,693	37,860	12
84,228	424	4,175	244	566	....	3,325	28,356	7,117	35,473	19
84,630	442	4,327	324	978	....	3,455	30,827	7,014	37,841	26
85,146	478	2,289	229	796	....	3,011	27,643	7,572	35,215	Dec. 3
85,773	460	1,032	238	1,846	....	3,093	26,832	7,825	34,657	10
86,033	438	4,007	226	897	....	3,214	25,314	7,827	33,141	17
86,608	434	6,491	253	925	....	3,471	28,930	7,491	36,421	24
86,547	483	7,285	353	1,090	....	2,968	26,052	8,036	[9]34,094	31
85,712	487	2,246	244	909	....	3,068	29,590	7,910	[9]37,610	1976—Jan. 7[p]
84,950	502	4,217	235	969	....	3,166	27,254	8,910	[9]36,294	14[p]
84,130	518	4,682	248	943	....	3,254	28,494	8,735	[9]37,360	21[p]
83,673	450	10,360	209	627	....	3,427	29,448	8,349	[9]37,928	28[p]

full with F.R. Banks in connection with voluntary participation by nonmember institutions in the F.R. System's program of credit restraint.

As of Dec. 12, 1974, the amount of voluntary nonmember and foreign-agency and branch deposits at F.R. Banks associated with marginal reserves are no longer reported. Deposits voluntarily held by agencies and branches of foreign banks operating in the United States as reserves and Euro-dollar liabilities are reported.

[7] Part allowed as reserves Dec. 1, 1959–Nov. 23, 1960; all allowed thereafter. Beginning Jan. 1963, figures are estimated except weekly averages. Beginning Sept. 12, 1968, amount is based on close-of-business figures for reserve period 2 weeks previous to report date.

[8] Beginning week ended Nov. 15, 1972, includes $450 million of reserve deficiencies on which F.R. Banks are allowed to waive penalties for transition period associated with bank adaptation to *Regulation J* as amended effective Nov. 9, 1972. For 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, $279 million; Q2, $172 million; Q3, $112 million; Q4, $84 million. For 1974, Q1, $67 million, Q2, $58 million. Transition period ended after 1974, Q2.

[9] Beginning with week ending Nov. 19, 1975, adjusted to include waivers of penalties for reserve deficiencies in accordance with Regulation D change effective Nov. 19, 1975.

For other notes see opposite page.

RESERVES AND BORROWINGS OF MEMBER BANKS

(In millions of dollars)

Period	All member banks					Large banks[2]						All other banks	
	Reserves			Borrowings		New York City		City of Chicago		Other			
	Total held[1]	Required	Excess[1]	Total	Seasonal	Excess	Borrowings	Excess	Borrowings	Excess	Borrowings	Excess	Borrowings
1939—Dec.	11,473	6,462	5,011	3	....	2,611	....	540	....	1,188	....	671	3
1941—Dec.	12,812	9,422	3,390	5	....	989	....	295	....	1,303	1	804	4
1945—Dec.	16,027	14,536	1,491	334	....	48	192	14	....	418	96	1,011	46
1950—Dec.	17,391	16,364	1,027	142	....	125	58	8	5	232	50	663	29
1960—Dec.	19,283	18,527	756	87	....	29	19	4	8	100	20	623	40
1965—Dec.	22,719	22,267	452	454	....	41	111	15	23	67	228	330	92
1967—Dec.	25,260	24,915	345	238	....	18	40	8	13	50	105	267	80
1968—Dec.	27,221	26,766	455	765	....	100	230	15	85	90	270	250	180
1969—Dec.	28,031	27,774	257	1,086	....	56	259	18	27	6	479	177	321
1970—Dec.	29,265	28,993	272	321	....	34	25	7	4	42	264	189	28
1971—Dec.	31,329	31,164	165	107	....	25	35	1	8	−35	22	174	42
1972—Dec.	31,353	31,134	219	1,049	....	−20	301	13	55	−42	429	−160	264
1973—Dec.	35,068	34,806	262	1,298	41	−23	74	43	28	28	761	133	435
1974—Dec.	36,941	36,602	339	703	32	132	80	5	18	39	323	163	282
1975—Jan.	37,492	37,556	−64	390	13	−119	156	−16	16	−91	87	162	131
Feb.	35,565	35,333	232	147	10	31	37	17	10	41	29	143	71
Mar.	34,779	34,513	266	106	7	53	22	20	10	56	28	137	46
Apr.	35,134	35,014	120	110	7	32	25	−23	14	−4	38	115	33
May	34,492	34,493	−1	60	9	−28	24	−21	....	−89	13	137	23
June	34,976	34,428	548	271	11	142	90	47	2	217	114	142	65
July	34,655	34,687	−32	261	17	−22	54	−24	23	−118	62	132	122
Aug.	34,482	34,265	217	211	38	−18	14	5	1	98	51	132	145
Sept.	34,646	34,447	199	396	61	17	68	27	2	23	141	132	185
Oct.	34,567	34,411	156	191	65	42	31	−23	....	3	32	134	128
Nov.	34,571	34,281	290	61	28	50	7	34	....	42	5	164	49
Dec.	34,989	34,727	262	127	13	64	63	−18	....	89	26	127	38
1976—Jan.p	35,588	35,361	227	79	9	−41	9	−13	17	−116	13	147	40
Week ending—													
1975—Jan. 1	37,588	37,011	577	561	24	−8	83	61	....	223	218	301	260
8	37,312	37,175	137	311	18	55	36	−27	....	−26	107	135	168
15	38,207	38,249	−42	609	12	−130	317	1	69	−89	108	176	115
22	38,265	38,079	186	594	12	29	328	1	....	45	130	111	136
29	37,240	37,066	174	142	10	71	....	−13	....	−24	33	140	109
June 4	34,511	34,177	334	84	9	18	61	19	....	137	....	160	23
11	33,707	33,743	−36	38	11	−76	....	−32	11	−55	2	127	25
18	34,937	34,603	334	77	10	80	49	12	....	69	....	173	28
25	34,706	34,615	91	188	11	19	97	−4	....	5	38	71	53
July 2	35,481	35,085	396	871	15	57	189	39	....	117	468	183	214
9	34,612	34,479	133	222	13	18	....	−20	....	−20	90	155	132
16	34,864	34,791	73	202	15	−72	78	2	54	6	16	137	54
23	34,898	34,695	203	382	19	107	151	9	50	−13	57	100	124
30	34,999	34,718	281	253	23	82	....	15	....	67	91	117	162
Aug. 6	34,553	34,354	199	180	29	13	....	10	....	31	14	145	166
13	34,163	34,147	16	179	35	−46	47	−22	6	−45	18	129	108
20	34,629	34,418	211	204	37	−4	....	19	....	73	77	123	127
27	34,470	34,174	296	272	40	127	15	−7	....	48	87	128	170
Sept. 3	34,529	34,228	301	222	50	28	....	24	....	81	58	168	164
10	34,098	34,104	−6	385	53	−45	215	−31	....	−66	34	136	136
17	34,552	34,285	267	327	60	79	....	19	11	17	174	152	142
24	34,617	34,584	33	395	64	−66	79	2	....	28	115	73	201
Oct. 1	35,444	34,982	462	581	73	149	....	2	....	147	304	164	277
8	34,260	34,284	24	239	74	−83	....	−16	....	−52	51	127	188
15	34,654	34,358	296	172	65	−9	39	33	....	94	12	178	121
22	34,576	34,577	−1	232	63	−8	97	−18	....	−35	22	60	113
29	34,715	34,437	278	94	60	102	....	15	....	33	7	128	87
Nov. 5	34,886	34,082	804	67	41	355	....	18	....	240	....	191	67
12	33,754	33,791	−37	39	26	−119	....	−6	....	−71	4	159	35
19	34,741	34,567	174	58	26	34	....	−1	....	7	11	134	47
26	34,684	34,500	184	73	26	3	16	20	....	55	3	106	54
Dec. 3	34,817	34,504	313	66	21	119	16	18	....	61	6	151	44
10	34,419	34,276	143	28	14	−56	....	26	....	37	1	136	27
17	35,139	34,906	233	44	13	111	....	−12	....	6	11	128	33
24	34,836	34,625	211	219	12	7	140	−5	....	75	42	134	37
31	[3]35,611	35,197	414	253	13	57	140	20	....	129	57	208	56
1976—Jan. 7p	[3]35,531	35,232	299	71	10	−144	....	−16	....	68	14	221	57
14p	[3]35,813	35,627	186	44	9	−22	....	1	....	−284	2	111	42
21p	[3]36,220	35,986	234	152	9	−147	28	17	77	60	18	136	29
28p	[3]35,075	34,902	173	58	8	9	10	38	....	−152	15	69	33

[1] Beginning with week ending Nov. 15, 1972, includes $450 million of reserve deficiencies on which F.R. Banks are allowed to waive penalties for a transition period in connection with bank adaptation to Regulation J as amended effective Nov. 9, 1972. Beginning 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, $279 million; Q2, $172 million; Q3, $112 million; Q4, $84 million. Beginning 1974, Q1, $67 million; Q2, $58 million. Transition period ended after second quarter, 1974. For weeks for which figures are preliminary, figures by class of bank do not add to the total because adjusted data by class are not available.

[2] Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand de osits of more than $400 million as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Large" and "All other" parallel the previous "Reserve city" and "Country" categories, respectively (hence the series are continuous over time).

[3] Beginning with week ending Nov. 19, 1975, adjusted to include waivers of penalties for reserve deficiencies in accordance with Regulation D change effective Nov. 19, 1975.

NOTE.—Monthly and weekly data are averages of daily figures within the month or week, respectively.

Borrowings at F.R. Banks: Based on closing figures.

Effective Apr. 19, 1973, the Board's Regulation A, which governs lending by F.R. Banks, was revised to assist smaller member banks to meet the seasonal borrowing needs of their communities.

BASIC RESERVE POSITION, AND FEDERAL FUNDS AND RELATED TRANSACTIONS

(In millions of dollars, except as noted)

Reporting banks and week ending	Basic reserve position					Interbank Federal funds transactions					Related transactions with U.S. Govt. securities dealers		
	Excess reserves[1]	Less—		Net surplus, or deficit (−)		Gross transactions		Total two-way transactions[2]	Net transactions		Loans to dealers[3]	Borrowings from dealers[4]	Net loans
		Borrowings at F.R. Banks	Net interbank Federal funds trans.	Amount	Per cent of avg. required reserves	Purchases	Sales		Purchases of net buying banks	Sales of net selling banks			
Total—46 banks													
1975—Dec. 3	102	16	13,121	13,035	83.4	18,808	5,687	4,964	13,844	723	3,507	381	3,126
10	200	....	15,748	15,548	100.3	20,128	4,380	4,161	15,967	218	3,918	300	3,619
17	137	....	14,329	14,192	88.7	18,973	4,644	4,205	14,768	439	3,509	400	3,109
24	168	168	12,217	−12,218	78.5	17,708	5,491	4,681	13,027	810	3,601	495	3,105
31	r171	174	11,054	r−11,057	69.2	17,683	6,629	5,306	12,378	1,324	3,610	665	2,946
1976—Jan. 7	120	6	11,696	−11,583	71.3	19,175	7,478	5,623	13,552	1,856	3,293	574	2,720
14	15	....	16,144	16,130	97.4	22,350	6,206	4,877	17,473	1,329	3,099	376	2,723
21	−1	105	14,039	14,145	84.7	19,657	5,617	4,943	14,714	675	2,989	322	2,667
28	85	10	12,112	−12,038	76.5	18,363	6,250	5,290	13,072	960	2,298	476	1,822
8 in New York City													
1975—Dec. 3	106	16	3,500	3,409	54.6	4,451	952	815	3,637	137	1,700	133	1,567
10	29	....	3,978	−3,948	63.5	4,854	876	876	3,978	....	1,587	119	1,468
17	113	....	3,292	3,179	49.5	4,278	986	828	3,450	158	1,840	147	1,693
24	83	140	1,981	−2,039	32.9	3,443	1,462	1,190	2,253	272	1,912	185	1,726
31	44	140	1,938	2,034	31.4	3,563	1,625	1,123	2,440	502	1,891	372	1,519
1976—Jan. 7	25	....	3,130	3,106	45.9	4,775	1,645	1,141	3,634	504	1,536	180	1,356
14	51	....	5,574	−5,523	79.8	6,277	704	583	5,694	121	1,655	103	1,552
21	23	28	3,382	−3,433	49.6	4,261	879	695	3,566	184	1,384	78	1,307
28	18	10	2,632	2,625	41.3	3,914	1,282	997	2,917	285	1,072	87	985
38 outside New York City													
1975—Dec. 3	−4	....	9,621	9,625	102.5	14,357	4,736	4,149	10,207	586	1,806	248	1,558
10	171	....	11,771	−11,600	125.0	15,274	3,504	3,286	11,989	218	2,331	180	2,151
17	24	....	11,037	−11,013	114.9	14,696	3,659	3,378	11,318	281	1,670	253	1,416
24	85	28	10,236	10,179	108.7	14,266	4,029	3,491	10,775	538	1,689	310	1,379
31	r127	34	9,116	r−9,023	r95.1	14,121	5,005	4,183	9,938	822	1,719	293	1,427
1976—Jan. 7	94	6	8,566	−8,478	89.5	14,399	5,833	4,481	9,918	1,352	1,757	394	1,363
14	36	....	10,571	−10,607	110.0	16,072	5,502	4,294	11,778	1,208	1,444	274	1,170
21	22	77	10,657	−10,712	109.6	15,396	4,739	4,248	11,148	491	1,605	245	1,360
28	67	....	9,480	−9,413	100.5	14,449	4,969	4,294	10,155	675	1,226	389	837
5 in City of Chicago													
1975—Dec. 3	7	....	4,199	4,205	257.9	4,940	741	715	4,225	26	664	....	664
10	33	....	4,877	−4,844	299.9	5,618	740	732	4,885	8	674	....	674
17	−1	....	4,619	−4,620	268.4	5,291	672	667	4,624	5	660	....	660
24	−5	....	4,381	−4,386	274.9	5,192	811	811	4,381	....	635	....	635
31	28	....	4,162	−4,133	246.8	5,094	932	913	4,182	20	594	....	594
1976—Jan. 7	−3	....	4,428	4,431	267.6	5,273	845	828	4,445	17	566	....	566
14	8	....	5,433	−5,441	321.0	6,326	893	863	5,464	31	589	....	589
21	−6	77	5,065	−5,149	297.5	6,109	1,044	1,025	5,084	19	571	....	571
28	27	....	4,455	−4,428	276.4	5,692	1,238	1,213	4,479	25	449	....	449
33 others													
1975—Dec. 3	3	....	5,422	−5,420	69.8	9,417	3,994	3,434	5,983	560	1,142	248	894
10	137	....	6,893	−6,756	88.2	9,657	2,763	2,553	7,104	210	1,658	180	1,477
17	25	....	6,418	−6,393	81.3	9,404	2,987	2,711	6,693	276	1,010	253	756
24	90	28	5,856	−5,793	74.6	9,074	3,218	2,680	6,394	538	1,054	310	744
31	r99	34	4,954	r 4,889	62.5	9,026	4,073	3,270	5,756	802	1,125	293	832
1976—Jan. 7	98	6	4,138	4,046	51.8	9,126	4,988	3,653	5,473	1,335	1,191	394	797
14	−28	....	5,137	−5,165	65.0	9,746	4,609	3,432	6,315	1,177	855	274	582
21	28	....	5,592	−5,564	69.1	9,287	3,695	3,223	6,064	472	1,033	245	789
28	40	....	5,026	−4,985	64.2	8,757	3,731	3,081	5,676	651	777	389	388

[1] Based upon reserve balances, including all adjustments applicable to the reporting period. Prior to Sept. 25, 1968, carryover reserve deficiencies, if any, were deducted. Excess reserves for later periods are net of all carryover reserves.

[2] Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's weekly average purchases and sales are offsetting.

[3] Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchases of securities from dealers subject to resale), or other lending arrangements.

[4] Federal funds borrowed, net funds acquired from each dealer by clearing banks, reverse repurchase agreements (sales of securities to dealers subject to repurchase), resale agreements, and borrowings secured by Govt. or other issues.

NOTE.—Weekly averages of daily figures. For description of series and back data, see Aug. 1964 BULLETIN, pp. 944–74.

CURRENT RATES

(Per cent per annum)

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Under Sec. 10(b)[2] Special rate[3]			Loans to all others under last par. Sec. 13[4]		
	Rate on 1/31/76	Effective date	Previous rate	Rate on 1/31/76	Effective date	Previous rate	Rate on 1/31/76	Effective date[3]	Previous rate	Rate on 1/31/76	Effective date	Previous rate
Boston	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
New York	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Philadelphia	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Cleveland	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Richmond	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Atlanta	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Chicago	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
St. Louis	5½	1/23/76	6	6	1/23/76	6½	6½	1/23/76	7	8½	1/23/76	9
Minneapolis	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Kansas City	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Dallas	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
San Francisco	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9

1 Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations or any other obligations eligible for F.R. Bank purchase.

2 Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

3 Applicable to special advances described in Section 201.2(e)(2) of Regulation A.

4 Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Govt. or any agency thereof.

SUMMARY OF EARLIER CHANGES

(Per cent per annum)

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1955	2½	2½
1956—Apr. 13	2½–3	2¾
20	2¾–3	2¾
Aug. 24	2¾–3	3
31	3	3
1957—Aug. 9	3 –3½	3
23	3½	3½
Nov. 15	3 –3½	3
Dec. 2	3	3
1958—Jan. 22	2¾–3	3
24	2¾–3	2¾
Mar. 7	2¼–3	2¼
13	2¼–2¾	2¼
21	2¼	2¼
Apr. 18	1¾–2¼	1¾
May 9	1¾	1¾
Aug. 15	1¾–2	1¾
Sept. 12	1¾–2	2
23	2	2
Oct. 24	2 –2½	2
Nov. 7	2½	2½
1959—Mar. 6	2½–3	3
16	3	3
May 29	3 –3½	3½
June 12	3½	3½
Sept. 11	3½–4	4
18	4	4
1960—June 3	3½–4	4
10	3½–4	3½
14	3½	3½
Aug. 12	3 –3½	3
Sept. 9	3	3
1963—July 17	3 –3½	3½
26	3½	3½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1964—Nov. 24	3½–4	4
30	4	4
1965—Dec. 6	4 –4½	4½
13	4½	4½
1967—Apr. 7	4 –4½	4
14	4	4
Nov. 20	4 –4½	4½
27	4½	4½
1968—Mar. 15	4½–5	4½
22	5	5
Apr. 19	5 –5½	5½
26	5½	5½
Aug. 16	5¼–5½	5½
30	5¼	5¼
Dec. 18	5¼–5½	5½
20	5½	5½
1969—Apr. 4	5½–6	6
8	6	6
1970—Nov. 11	5¾–6	6
13	5¾–6	5¾
16	5¾	5¾
Dec. 1	5½–5¾	5¾
4	5½–5¾	5½
11	5½	5½
1971—Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5 –5¼	5¼
22	5 –5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1971—Nov. 11	4¾–5	5
19	4¾	4¾
Dec. 13	4½–4¾	4¾
17	4½–4¾	4½
24	4½	4½
1973—Jan. 15	5	5
Feb. 26	5 –5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½
May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6 –6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7 –7½	7½
23	7½	7½
1974—Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975—Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6 –6¼	6
23	6	6
1976—Jan. 19	5½–6	5½
23	5½	5½
In effect, Jan. 31, 1976	5½	5½

NOTE.—Rates under Secs. 13 and 13a (as described in table and notes above). For data before 1956, see *Banking and Monetary Statistics*, 1943, pp. 439–42, and Supplement to Section 12, p. 31.

RESERVE REQUIREMENTS ON DEPOSITS OF MEMBER BANKS

(Deposit intervals are in millions of dollars. Requirements are in per cent of deposits.)

Effective date [1]	Net demand [2]: Reserve city 0–5	Net demand [2]: Reserve city Over 5	Net demand [2]: Other 0–5	Net demand [2]: Other Over 5	Time [3] (all classes of banks): Savings	Time [3]: Other time 0–5	Time [3]: Other time Over 5
In effect Jan. 1, 1963	16½		12			4	
1966—July 14, 21					4	4	5
Sept. 8, 15							6
1967—Mar. 2					3½	3½	
Mar. 16					3	3	
1968—Jan. 11, 18	16½	17	12	12½			
1969—Apr. 17	17	17½	12½	13			
1970—Oct. 1							5

Beginning Nov. 9, 1972

Effective date	Net demand [2,4]: 0–2	Net demand: 2–10	Net demand: 10–100	Net demand: 100–400	Net demand: Over 400	Time [3]: Savings	Other time: 0–5, maturing in—: 30–179 days	0–5: 180 days to 4 years	0–5: 4 years or more	Over 5 [5], maturing in—: 30–179 days	Over 5: 180 days to 4 years	Over 5: 4 years or more
1972—Nov. 9	8	10	12	[6] 16½	17½	[7] 3	[7] 3			[7] 5		
Nov. 16				13								
1973—July 19		10½	12½	13½	18							
1974—Dec. 12					17½					6	3	
1975—Feb. 13	7½	10	12	13	16½							
Oct. 30							3		[8] 1		3	[8] 1
1976—Jan. 8							3	[8] 2½			[8] 2½	
In effect Jan. 31, 1976	7½	10	12	13	16½	3	3	[8] 2½	[8] 1	6	[8] 2½	[8] 1

Present legal limits:	Minimum	Maximum
Net demand deposits, reserve city banks	10	22
Net demand deposits, other banks	7	14
Time deposits	3	10

[1] When two dates are shown, the first applies to the change at reserve city banks and the second to the change at country banks. For changes prior to 1963 see Board's *Annual Reports*.

[2] (a) Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank.

(c) Since Oct. 16, 1969, member banks have been required under Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans to U.S. residents. Since June 21, 1973, loans aggregating $100,000 or less to any U.S. resident have been excluded from computations, as have total loans of a bank to U.S. residents if not exceeding $1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank. The reserve percentage applicable to each of these classifications is 4 per cent. The requirement was 10 per cent originally, was increased to 20 per cent on Jan. 7, 1971, was reduced to 8 per cent effective June 21, 1973, and was reduced to the current 4 per cent effective May 22, 1975. Initially certain base amounts were exempted in the computation of the requirements, but effective Mar. 14, 1974, the last of these reserve-free bases were eliminated. For details, see Regulations D and M.

[3] Effective Jan. 5, 1967, time deposits such as Christmas and vacation club accounts became subject to same requirements as savings deposits. Beginning Nov. 10, 1975, profitmaking businesses may maintain savings deposits of $150,000 or less at member banks. For details of 1975 action, see Regulations D and Q, and also BULLETINS for Oct., p. 708, and Nov., p. 769.

Notes 2(b) and 2(c) above are also relevant to time deposits.

[4] Effective Nov. 9, 1972, a new criterion was adopted to designate reserve cities, and on the same date requirements for reserves against net demand deposits of member banks were restructured to provide that each member bank will maintain reserves related to the size of its net demand deposits. The new reserve city designations are as follows: A bank having net demand deposits of more than $400 million is considered to have the character of business of a reserve city bank, and the presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are F.R. Banks or branches are also reserve cities. Any banks having net demand deposits of $400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see Regulation D and appropriate supplements and amendments.

[5] A marginal reserve requirement was in effect between June 21, 1973, and Dec. 11, 1974, against increases in the aggregate of the following types of obligations: (a) outstanding time deposits of $100,000 or more, (b) outstanding funds obtained by the bank through issuance by a bank's affiliate of obligations subject to existing reserve requirements on time deposits, and (c) beginning July 12, 1973, funds from sales of finance bills. The requirement applied to balances above a specified base, but was not applicable to banks having obligations of these types aggregating less than $10 million. For details, including percentages and maturity classifications, see "Announcements" in BULLETINS for May, July, Sept., and Dec. 1973 and Sept. and Nov. 1974.

[6] The 16½ per cent requirement applied for one week, only to former reserve city banks. For other banks, the 13 per cent requirement was continued in this deposit interval.

[7] See columns above for earliest effective date of this rate.

[8] The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law. For details, see Regulation D.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

MAXIMUM INTEREST RATES PAYABLE ON TIME AND SAVINGS DEPOSITS

(Per cent per annum)

Rates July 20, 1966—June 30, 1973

Type and size of deposit	Effective date: July 20, 1966	Sept. 26, 1966	Apr. 19, 1968	Jan. 21, 1970
Savings deposits	4	4	4	4½
Other time deposits:[1]				
Multiple maturity:[2]				
30–89 days	4	4	4	4½
90 days to 1 year				5
1–2 years	5	5	5	5½
2 years or more				5¾
Single-maturity:				
Less than $100,000:				
30 days to 1 year				5
1–2 years	5½	5	5	5½
2 years or more				5¾
$100,000 or more:				
30–59 days			5½	(3)
60–89 days			5¾	(3)
90–179 days	5½	5½	6	(3)
180 days to 1 year			6¼	(3)
1 year or more			6¼	(3)

Rates beginning July 1, 1973

Type and size of deposit	Effective date: July 1, 1973	Nov. 1, 1973	Nov. 27, 1974	Dec. 23, 1974
Savings deposits	5	5	5	5
Other time deposits (multiple- and single-maturity):[1, 2]				
Less than $100,000:				
30–89 days	5	5	5	5
90 days to 1 year	5½	5½	5½	5½
1–2½ years	6	6	6	6
2½ years or more	6½	6½	6½	6½
Minimum denomination of $1,000:[4]				
4–6 years	(5)	7¼	7¼	7¼
6 years or more				7½
Governmental units	(6)	(6)	7½	7¾
$100,000 or more	(3)	(3)	(3)	(3)

1 For exceptions with respect to certain foreign time deposits, see BULLETIN for Feb. 1968, p. 167.

2 Multiple-maturity time deposits include deposits that are automatically renewable at maturity without action by the depositor and deposits that are payable after written notice of withdrawal.

3 Maximum rates on all single-maturity time deposits in denominations of $100,000 or more have been suspended. Rates that were effective Jan. 21, 1970, and the dates when they were suspended are:

30–59 days	6¼ per cent	June 24, 1970
60–89 days	6½ per cent	
90–179 days	6¾ per cent	May 16, 1973
180 days to 1 year	7 per cent	
1 year or more	7½ per cent	

Rates on multiple-maturity time deposits in denominations of $100,000 or more were suspended July 16, 1973, when the distinction between single- and multiple-maturing deposits was eliminated.

4 Effective Dec. 4, 1975, the $1,000 minimum denomination does not apply to time deposits representing funds contributed to an Individual Retirement Account established pursuant to 26 U.S.C. (I.R.C. 1954) §408.

5 Between July 1 and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000. The amount of such certificates that a bank could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount were subject to the 6½ per cent ceiling that applies to time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, a ceiling rate of 7¼ per cent was imposed on certificates maturing in 4 years or more with minimum denominations of $1,000. There is no limiation on the amount of these certificates that banks may issue.

6 Prior to Nov. 27, 1974, no distinction was made between the time deposits of governmental units and of other holders, insofar as Regulation Q ceilings on rates payable were concerned. Effective Nov. 27, 1974, governmental units were permitted to hold savings deposits and could receive interest rates on time deposits with denominations under $100,000 irrespective of maturity, as high as the maximum rate permitted on such deposits at any Federally insured depositary institution.

NOTE.—Maximum rates that may be paid by member banks are established by the Board of Governors under provisions of Regulation Q; however, a member bank may not pay a rate in excess of the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located. Beginning Feb. 1, 1936, maximum rates that may be paid by nonmember insured commercial banks, as established by the FDIC, have been the same as those in effect for member banks.

For previous changes, see earlier issues of the BULLETIN.

MARGIN REQUIREMENTS

(Per cent of market value)

Period: Beginning date	Period: Ending date	On margin stocks: T	U	G	On convertible bonds: T	U	G	On short sales (T)
1937—Nov. 1	1945—Feb. 4	40						50
1945—Feb. 5	July 4	50						50
July 5	1946—Jan. 20	75						75
1946—Jan. 21	1947—Jan. 31	100						100
1947—Feb. 1	1949—Mar. 29	75						75
1949—Mar. 30	1951—Jan. 16	50						50
1951—Jan. 17	1953—Feb. 19	75						75
1953—Feb. 20	1955—Jan. 3	50						50
1955—Jan. 4	Apr. 22	60						60
Apr. 23	1958—Jan. 15	70						70
1958—Jan. 16	Aug. 4	50						50
Aug. 5	Oct. 15	70						70
Oct. 16	1960—July 27	90						90
1960—July 28	1962—July 9	70						70
1962—July 10	1963—Nov. 5	50						50
1963—Nov. 6	1968—Mar. 10	70						70
1968—Mar. 11	June 7	70			50			70
June 8	1970—May 5	80			60			80
1970—May 6	1971—Dec. 3	65			50			65
1971—Dec. 6	1972—Nov. 22	55			50			55
1972—Nov. 24	1974—Jan. 2	65			50			65
Effective Jan. 3, 1974		50			50			50

NOTE.—Regulations G, T, and U, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended; margin requirements are the difference between the market value (100 per cent) and the maximum loan value. *The term margin stocks is defined in the corresponding regulation.*

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

TRANSACTIONS OF THE SYSTEM OPEN MARKET ACCOUNT

(In millions of dollars)

Period	Outright transactions in U.S. Govt. securities, by maturity (excluding matched sale purchase transactions): Treasury bills[1] Gross purchases	Treasury bills[1] Gross sales	Treasury bills[1] Redemptions	Others within 1 year[2] Gross purchases	Others within 1 year[2] Gross sales	Others within 1 year[2] Exch., maturity shifts, or redemptions	1-5 years Gross purchases	1-5 years Gross sales	1-5 years Exch. or maturity shifts	5-10 years Gross purchases	5-10 years Gross sales	5-10 years Exch. or maturity shifts	Over 10 years Gross purchases	Over 10 years Gross sales	Over 10 years Exch. or maturity shifts
1970	11,074	5,214	2,160	99	......	-3,483	848	......	5,430	249	......	-1,845	93	......	-102
1971	8,896	3,642	1,064	1,036	......	6,462	1,338	......	4,672	933	......	685	311	......	150
1972	8,522	6,467	2,545	125	......	2,933	789	......	-1,405	539	......	-2,094	167	......	250
1973	15,517	4,880	3,405	1,396	......	140	579	......	-2,028	500	......	895	129	......	87
1974	11,660	5,830	4,550	450	......	1,314	797	......	697	434	......	1,675	196	......	205
1975	11,562	5,599	6,431	3,886	......	3,553	2,863	......	4,275	1,510	......	4,697	1,070	......	848
1974—Dec.	973	426	6	85	......	126	123	......	126	53	......	....	20	......	....
1975—Jan.	341	945	600	14	......	....	305	......	....	61	......	....	26	......	....
Feb.	357	460	900	....	......	2,437	129	......	-2,836	113	......	249	74	......	150
Mar.	760	156	487	1,579	......	-1,494	361	......	194	450	......	....	212	......	....
Apr.	2,119	318	506	148	......	....	485	......	....	274	......	....	164	......	....
May	903	354	407	50	......	-3,131	....	......	6,635	....	......	-3,801	....	......	298
June	421	161	612	20	......	691	488	......	529	180	......	....	109	......	....
July	....	1,505	800	....	......	....	....	......	....	....	......	....	....	......	....
Aug.	312	282	400	2,002	......	2,144	150	......	1,299	64	......	1,444	47	......	300
Sept.	2,118	......	200	....	......	278	562	......	278	137	......	....	124	......	....
Oct.	1,263	766	400	....	......	48	....	......	48	....	......	....	....	......	....
Nov.	983	652	919	43	......	265	267	......	135	155	......	300	244	......	100
Dec.	1,984	......	200	31	......	28	118	......	-28	78	......	....	71	......	....

Period	Total outright[1] Gross purchases	Total outright[1] Gross sales	Total outright[1] Redemptions	Matched sale purchase transactions (U.S. Govt. securities) Gross sales	Matched sale purchase transactions Gross purchases	Repurchase agreements (U.S. Govt. securities) Gross purchases	Repurchase agreements Gross sales	Net change in U.S. Govt. securities	Federal agency obligations: Outright Gross purchases	Outright Sales or redemptions	Repurchase agreements, net	Bankers acceptances, net: Outright	Repurchase agreements	Net change[3]
1970	12,362	5,214	2,160	12,177	12,177	33,859	33,859	4,988	....	....	....	-6	....	4,982
1971	12,515	3,642	2,019	16,205	16,205	44,741	43,519	8,076	485	....	101	22	181	8,866
1972	10,142	6,467	2,862	23,319	23,319	31,103	32,228	-312	1,197	370	-88	-9	-145	272
1973	18,121	4,880	4,592	45,780	45,780	74,755	74,795	8,610	865	239	29	-2	-36	9,227
1974	13,537	5,830	4,682	64,229	62,801	71,333	70,947	1,984	3,087	322	469	511	420	6,149
1975	20,892	5,599	9,559	151,205	152,132	140,311	139,538	7,434	1,616	246	392	163	35	8,539
1974—Dec.	1,254	426	6	8,855	7,962	11,470	11,895	498	360	....	142	188	201	393
1975—Jan.	746	945	600	9,237	10,367	9,260	8,748	844	....	14	409	103	-136	387
Feb.	673	460	900	7,167	6,634	11,267	10,30[illegible]	258	376	81	246	-12	39	309
Mar.	3,362	156	1,788	15,933	16,763	5,011	6,928	332	210	2	-347	-5	-323	136
Apr.	3,189	318	506	12,375	12,216	12,774	8,551	6,428	....	2	883	24	496	7,829
May	953	354	407	2,996	3,044	19,489	21,952	-2,224	....	97	-567	55	-375	3,207
June	1,217	161	450	12,914	13,026	15,219	16,810	-873	....	6	255	-62	-121	-1,317
July	....	1,505	800	15,532	15,139	5,977	6,146	-2,866	....	2	-61	3	....	2,926
Aug.	2,574	282	2,389	14,234	13,730	8,146	6,881	663	353	40	90	-1	156	1,222
Sept.	2,940	....	200	19,931	19,835	16,664	14,857	4,451	394	1	203	14	94	5,155
Oct.	1,263	766	400	15,886	16,113	13,699	13,838	186	284	....	-124	49	50	445
Nov.	1,693	652	919	14,442	15,207	14,342	17,275	2,047	....	1	-169	-21	-300	-2,537
Dec.	2,281	....	200	10,559	10,058	8,464	7,247	2,797	....	....	118	15	385	3,315

[1] Before Nov. 1973 BULLETIN, included matched sale–purchase transactions, which are now shown separately.

[2] Includes special certificates acquired when the Treasury borrows directly from the Federal Reserve, as follows: June 1971, 955; Sept. 1972, 38; Aug. 1973, 351; Sept. 1973, 836; Nov. 1974, 131; Mar. 1975, 1,560; Aug. 1975, 1,989.

[3] Net change in U.S. Govt. securities, Federal agency obligations, and bankers acceptances.

NOTE.—Sales, redemptions, and negative figures reduce System holdings; all other figures increase such holdings. Details may not add to totals because of rounding.

CONSOLIDATED STATEMENT OF CONDITION OF ALL FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1976				1975	1976	1975	
	Jan. 28	Jan. 21	Jan. 14	Jan. 7	Dec. 31	Jan. 31	Dec. 31	Jan. 31
Assets								
Gold certificate account	11,599	11,599	11,599	11,599	11,599	11,599	11,599	11,635
Special Drawing Rights certificate account	500	500	500	500	500	500	500	400
Cash	394	379	386	375	347	405	347	328
Loans:								
Member bank borrowings	138	841	47	41	211	64	211	103
Other	...	...	...	...	...	...	...	...
Acceptances:								
Bought outright	741	736	735	742	741	747	741	682
Held under repurchase agreements	415	...	...	212	385	483	385	284
Federal agency obligations:								
Bought outright	6,312	6,312	6,072	6,072	6,072	6,312	6,072	4,688
Held under repurchase agreements	393	...	...	177	118	305	118	102
U.S. Govt. securities:								
Bought outright:								
Bills	35,690	35,925	35,925	35,228	37,207	35,707	37,207	36,674
Certificates—Special	...	...	...	...	...	...	...	...
Other	...	...	...	...	...	...	...	...
Notes	44,236	44,236	43,989	43,989	43,989	44,236	43,989	40,403
Bonds	5,595	5,595	5,521	5,521	5,521	5,595	5,521	3,311
Total bought outright	[1]85,521	[1]85,756	[1]85,435	[1]84,738	[1]86,717	[1]85,538	[1]86,717	[1]80,388
Held under repurchase agreements	6,118	...	...	885	1,217	4,433	1,217	956
Total U.S. Govt. securities	91,639	85,756	85,435	85,623	87,934	89,971	87,934	81,344
Total loans and securities	99,638	93,645	92,289	92,867	95,461	97,882	95,461	87,203
Cash items in process of collection	[p]7,488	[p]8,526	[p]9,127	[p]9,570	9,183	[p]5,872	9,183	5,646
Bank premises	325	324	322	321	319	325	319	268
Operating equipment	13	14	13	13	13	13	13	...
Other assets:								
Denominated in foreign currencies	331	81	100	60	80	333	80	2
All other	2,999	2,976	2,927	3,049	2,900	3,005	2,900	3,248
Total assets	[p]123,287	[p]118,044	[p]117,263	[p]118,354	120,402	[p]119,934	120,402	108,730
Liabilities								
F.R. notes	74,267	74,784	75,697	76,437	77,159	73,899	77,159	67,617
Deposits:								
Member bank reserves	[p]29,448	[p]28,494	[p]27,254	[p]29,590	26,052	[p]27,308	26,052	28,839
U.S. Treasury—General account	10,360	4,682	4,217	2,246	7,285	10,075	7,285	3,540
Foreign	209	248	235	244	353	294	353	391
Other:								
All other[2]	627	943	969	909	1,090	651	1,090	748
Total deposits	[p]40,644	[p]34,367	[p]32,675	[p]32,989	34,780	[p]38,328	34,780	33,518
Deferred availability cash items	4,949	5,639	5,725	5,860	5,495	4,248	5,495	4,180
Other liabilities and accrued dividends	1,121	1,059	1,075	1,098	1,110	1,098	1,110	1,112
Total liabilities	[p]120,981	[p]115,849	[p]115,172	[p]116,384	118,544	[p]117,573	118,544	106,427
Capital accounts								
Capital paid in	934	932	932	929	929	935	929	901
Surplus	928	928	928	928	929	928	929	897
Other capital accounts	444	335	231	113	...	498	...	505
Total liabilities and capital accounts	[p]123,287	[p]118,044	[p]117,263	[p]118,354	120,402	[p]119,934	120,402	108,730
Contingent liability on acceptances purchased for foreign correspondents	...	...	...	...	...	...	...	384
Marketable U.S. Govt. securities held in custody for foreign and international accounts	44,145	44,659	42,852	42,096	41,871	43,124	41,871	35,085

Federal Reserve Notes—Federal Reserve Agents' Accounts

Item	Jan. 28	Jan. 21	Jan. 14	Jan. 7	Dec. 31	Jan. 31	Dec. 31	Jan. 31
F.R. notes outstanding (issued to Bank)	81,328	81,557	81,778	81,871	81,877	81,228	81,877	74,538
Collateral held against notes outstanding:								
Gold certificate account	11,596	11,596	11,596	11,596	11,596	11,596	11,596	3,207
Special Drawing Rights certificate account	302	302	302	302	302	302	302	93
Acceptances	...	...	...	...	...	...	...	425
U.S. Govt. securities	71,710	71,710	71,710	71,710	71,510	71,710	71,510	72,492
Total collateral	83,608	83,608	83,608	83,608	83,408	83,608	83,408	76,217

[1] See note 2 on p. A-2.
[2] See note 6 on p. A-3.

MATURITY DISTRIBUTION OF LOANS AND U.S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1976				1975	1976	1975	
	Jan. 28	Jan. 21	Jan. 14	Jan. 7	Dec. 31	Jan. 31	Dec. 31	Jan. 31
Loans—Total	138	841	47	41	229	64	229	101
Within 15 days	133	841	38	34	222	48	222	91
16–90 days	5	....	9	7	7	16	7	10
91 days to 1 year	....	....	....	....	....	....	....	....
Acceptances—Total	1,156	736	735	954	1,126	1,230	1,126	966
Within 15 days	493	64	58	282	470	558	470	457
16–90 days	463	447	451	425	409	467	409	397
91 days to 1 year	200	225	226	247	247	205	247	112
U.S. Govt. securities—Total	91,639	85,756	85,435	85,623	87,934	89,971	87,934	81,344
Within 15 days[1]	8,761	3,841	3,971	5,624	6,205	7,552	6,205	6,324
16–90 days	20,655	19,659	19,390	18,271	19,245	20,302	19,245	18,535
91 days to 1 year	21,159	21,192	21,293	20,947	21,703	21,053	21,703	21,182
1–5 years	30,383	30,383	30,273	30,273	30,273	30,383	30,273	23,440
5–10 years	6,526	6,526	6,426	6,426	6,426	6,526	6,426	9,673
Over 10 years	4,155	4,155	4,082	4,082	4,082	4,155	4,082	2,190
Federal agency obligations—Total	6,705	6,312	6,072	6,249	6,190	6,617	6,190	4,790
Within 15 days[1]	412	19	39	215	134	324	134	153
16–90 days	183	183	183	184	184	183	184	260
91 days to 1 year	870	870	851	851	873	870	873	573
1–5 years	3,302	3,302	3,149	3,149	3,149	3,302	3,149	2,313
5–10 years	1,300	1,300	1,254	1,254	1,254	1,300	1,254	990
Over 10 years	638	638	596	596	596	638	596	501

[1] Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

BANK DEBITS AND DEPOSIT TURNOVER

(Seasonally adjusted annual rates)

Period	Debits to demand deposit accounts[1] (billions of dollars)					Turnover of demand deposits				
	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's
		N.Y.	6 others[2]				N.Y.	6 others[2]		
1974—Dec.	22,192.4	9,931.8	5,152.7	12,260.6	7,107.9	128.0	312.8	131.8	86.6	69.3
1975—Jan.[r]	21,853.9	10,157.8	4,868.4	11,696.0	6,827.7	127.1	321.8	125.4	83.3	67.3
Feb.[r]	22,950.1	10,918.0	4,992.8	12,032.1	7,039.3	133.1	343.2	126.2	85.5	69.6
Mar.[r]	22,180.1	10,241.1	4,899.9	11,939.0	7,039.0	124.8	320.4	117.0	81.9	67.8
Apr.[r]	22,705.1	10,810.3	4,770.6	11,895.4	7,124.9	122.5	330.3	114.3	81.8	68.8
May[r]	22,738.6	10,826.1	4,852.6	11,912.5	7,059.9	128.9	333.9	120.1	82.8	68.2
June[r]	22,503.5	10,612.2	4,755.2	11,891.3	7,134.6	124.4	328.6	115.7	81.6	66.7
July[r]	22,827.9	10,709.5	4,841.1	12,118.3	7,277.2	126.2	331.0	115.7	81.6	68.2
Aug.	23,269.4	10,628.8	5,125.1	12,640.5	7,515.4	130.4	335.0	124.4	86.2	71.2
Sept.	23,181.9	10,585.0	5,153.0	12,596.9	7,443.8	128.8	330.7	123.8	85.1	70.0
Oct.[r]	24,137.1	11,801.5	4,921.3	12,335.6	7,414.3	134.0	364.0	118.7	83.5	69.8
Nov.[r]	24,067.7	11,529.9	4,937.3	12,537.8	7,600.5	134.0	360.8	119.5	84.9	71.5
Dec.	23,614.1	10,970.9	4,948.4	12,643.2	7,694.8	131.2	351.8	118.7	85.0	71.8

[1] Excludes interbank and U.S. Govt. demand deposit accounts.
[2] Boston, Philadelphia, Chicago, Detroit, San Francisco–Oakland, and Los Angeles–Long Beach.

NOTE.—Total SMSA's include some cities and counties not designated as SMSA's.

For back data see pp. 634–35 of the July 1972 BULLETIN.

MEASURES OF THE MONEY STOCK

(In billions of dollars)

Period	Seasonally adjusted					Not seasonally adjusted				
	M_1	M_2	M_3	M_4	M_5	M_1	M_2	M_3	M_4	M_5
	Composition of measures is described in the NOTE below.									
1972 Dec.	255.3	525.3	844.9	568.9	888.5	262.7	530.3	847.4	574.5	891.6
1973- Dec.	270.5	571.4	919.5	634.9	982.9	278.3	576.5	921.8	640.5	985.8
1974 —Dec.	283.1	612.4	981.6	702.2	1,071.4	291.3	617.5	983.8	708.0	1,074.3
1975 Jan.	281.9	614.5	986.7	707.3	1,079.5	287.7	619.5	990.3	711.4	1,082.2
Feb.	281.9	618.2	994.0	710.2	1,086.1	278.5	615.2	990.3	704.4	1,079.6
Mar.	284.1	623.0	1,003.7	712.8	1,093.5	281.4	622.7	1,005.0	710.8	1,093.1
Apr.	284.9	626.7	1,012.7	715.1	1,101.1	286.5	631.1	1,020.0	716.9	1,105.8
May	287.6	633.7	1,025.3	718.8	1,110.4	282.9	631.9	1,025.7	716.0	1,109.8
June	291.0	642.4	1,040.2	726.5	1,124.3	290.3	643.5	1,044.5	725.8	1,126.8
July	291.9	647.5	1,051.6	729.6	1,133.7	292.1	647.8	1,055.0	729.1	1,136.3
Aug.	293.2	650.6	1,060.6	729.3	1,139.3	290.0	647.2	1,057.1	728.4	1,138.3
Sept.	293.6	652.9	1,068.1	731.9	1,147.1	291.7	649.5	1,062.8	732.2	1,145.5
Oct.	293.4	655.7	1,075.6	736.6	1,156.5	292.4	653.0	1,070.3	736.8	1,154.0
Nov.	295.7	661.6	1,086.0	743.4	1,167.7	297.6	659.7	1,080.1	742.5	1,162.9
Dec.	295.0	663.3	1,091.9	746.2	1,174.7	303.4	668.4	1,093.6	751.8	1,177.1

NOTE. Composition of the money stock measures is as follows:

M_1: Averages of daily figures for (1) demand deposits of commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M_2: Averages of daily figures for M_1 plus savings deposits, time deposits open account, and time certificates other than negotiable CD's of $100,000 of large weekly reporting banks.

M_3: M_2 plus mutual savings bank deposits, savings and loan shares, and credit union shares (nonbank thrift).

M_4: M_2 plus large negotiable CD's.

M_5: M_3 plus large negotiable CD's.

For a description of the latest revisions in M_1, M_2, M_3, M_4 and M_5, see "Revision of Money Stock Measures" on pp. 82–87 of the Feb. 1976 BULLETIN.

Latest monthly and weekly figures are available from the Board's, H.6 release. Back data are available from the Banking Section, Division of Research and Statistics.

COMPONENTS OF MONEY STOCK MEASURES AND RELATED ITEMS

(In billions of dollars)

Period	Seasonally adjusted						Not seasonally adjusted								
		Commercial banks						Commercial banks							
			Time and savings deposits					Demand deposits			Time and savings deposits				
	Currency	Demand deposits	CD's[1]	Other	Total	Nonbank thrift institutions[2]	Currency	Total	Member	Domestic nonmember	CD's[1]	Other	Total	Nonbank thrift institutions[2]	U.S. Govt. deposits[3]
1972—Dec.	56.9	198.4	43.6	270.0	313.6	319.6	57.9	204.8	152.1	51.4	44.2	267.6	311.8	317.0	7.4
1973 -Dec.	61.5	209.0	63.5	300.9	364.4	348.0	62.7	215.7	156.5	56.3	64.0	298.2	362.2	345.3	6.3
1974 Dec.	67.8	215.3	89.8	329.3	419.1	369.2	69.0	222.2	159.7	58.5	90.5	326.3	416.7	366.3	4.9
1975—Jan.	68.2	213.7	92.7	332.6	425.4	372.2	67.8	219.9	158.2	58.2	91.9	331.9	423.8	370.8	4.0
Feb.	68.7	213.2	92.1	336.2	428.3	375.9	67.8	210.6	151.8	55.8	89.2	336.7	425.9	375.2	3.3
Mar.	69.4	214.7	89.8	339.0	428.7	380.7	68.8	212.6	153.4	56.0	88.1	341.4	429.4	383.3	3.8
Apr.	69.5	215.4	88.4	341.8	430.1	386.0	69.1	217.4	156.9	57.4	85.8	344.6	430.4	388.9	4.0
May	70.2	217.4	85.1	346.1	431.2	391.6	70.0	212.9	153.4	56.6	84.1	349.1	433.2	393.8	4.1
June	71.0	220.0	84.1	351.4	435.5	397.8	71.2	219.1	157.2	58.9	82.3	353.2	435.5	401.0	4.2
July	71.3	220.6	82.1	355.5	437.6	404.1	71.9	220.3	157.9	59.4	81.3	355.7	436.9	407.2	3.4
Aug.	71.9	221.3	78.8	357.4	436.2	410.0	72.1	217.8	155.8	59.0	81.1	357.3	438.4	409.9	2.7
Sept.	72.0	221.6	79.1	359.2	438.3	415.2	71.9	219.9	157.0	59.7	82.7	357.7	440.5	413.3	3.9
Oct.	72.6	220.8	80.9	362.3	443.2	420.0	72.5	219.9	156.6	60.3	83.7	360.7	444.4	417.2	3.4
Nov.	73.4	222.3	81.8	365.9	447.6	424.4	73.9	223.6	158.9	61.5	82.9	362.1	444.9	420.4	3.5
Dec.	73.7	221.3	82.9	368.3	451.2	428.6	75.0	228.4	162.1	62.9	83.5	365.0	448.4	425.2	4.2

[1] Negotiable time certificates of deposit issued in denominations of $100,000 or more by large weekly reporting commercial banks.

[2] Average of the beginning and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

[3] At all commercial banks.

See also NOTE above.

AGGREGATE RESERVES AND MEMBER BANK DEPOSITS

(In billions of dollars)

Period	Member bank reserves, S.A.[1]				Deposits subject to reserve requirements[3]								Total member bank deposits plus nondeposit items[4]	
					S.A.				N.S.A.					
	Total	Non-borrowed	Required	Available[2]	Total	Time and savings	Demand: Private	Demand: U.S. Govt.	Total	Time and savings	Demand: Private	Demand: U.S. Govt.	S.A.	N.S.A.
1972—Dec.	31.52	30.47	31.24	29.05	402.3	241.7	154.4	6.2	406.8	240.7	160.1	6.1	406.6	411.2
1973—Dec.	35.15	33.85	34.85	32.86	442.8	279.7	158.1	5.0	447.5	278.5	164.0	5.0	449.4	454.0
1974—Dec.	36.87	36.14	36.61	34.51	486.9	322.9	160.6	3.4	491.8	321.7	166.6	3.5	495.3	500.1
1975—Jan.	37.08	36.68	36.93	34.39	490.1	328.2	159.3	2.6	495.1	327.2	165.0	2.9	497.7	502.6
Feb.	35.64	35.50	35.45	33.62	490.9	329.1	159.9	1.9	487.0	326.5	158.0	2.4	497.4	493.5
Mar.	34.98	34.87	34.78	32.99	493.4	329.2	161.7	2.5	491.6	328.9	159.8	2.8	499.9	498.1
Apr.	35.13	35.02	34.97	33.02	494.1	329.7	161.7	2.7	495.4	329.1	163.2	3.1	500.8	502.2
May	34.69	34.62	34.54	32.75	493.7	328.6	162.6	2.5	491.8	329.8	159.0	3.0	501.2	499.2
June	34.78	34.56	34.58	32.86	499.5	330.5	165.8	3.2	497.5	330.2	164.2	3.1	506.5	504.5
July	34.94	34.64	34.75	32.81	498.3	330.8	164.9	2.6	497.2	330.2	164.5	2.5	505.1	504.0
Aug.	34.58	34.37	34.38	32.68	496.3	328.4	165.1	2.8	494.8	330.5	162.3	2.0	503.3	501.8
Sept.	34.68	34.29	34.49	32.71	498.4	329.8	165.6	3.0	499.1	332.2	164.0	2.9	505.5	506.1
Oct.	34.61	34.42	34.40	32.64	500.1	333.1	164.0	3.0	500.4	334.7	163.3	2.5	508.0	508.3
Nov.	34.66	34.60	34.37	32.45	505.9	336.1	165.9	3.9	503.6	334.3	166.7	2.6	514.1	511.9
Dec.	35.01	34.88	34.75	32.55	506.0	338.7	164.4	3.0	510.9	337.2	170.7	3.1	514.4	519.3

1 Averages of daily figures. Member bank reserve series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Required reserves were increased by $660 million effective Apr. 16, 1969, and $400 million effective Oct. 16, 1969; were reduced by $500 million (net) effective Oct. 1, 1970. Required reserves were reduced by approximately $2.5 billion, effective Nov. 9, 1972; by $1.0 billion, effective Nov. 15; and increased by $300 million effective Nov. 22.

2 Reserves available to support private nonbank deposits are defined as (1) required reserves for (a) private demand deposits, (b) total time and savings deposits, and (c) nondeposit sources subject to reserve requirements, and (2) excess reserves. This series excludes required reserves for net interbank and U.S. Govt. demand deposits.

3 Averages of daily figures. Deposits subject to reserve requirements include total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. Govt., less cash items in process of collection and demand balances due from domestic commercial banks.

4 "Total member bank deposits" subject to reserve requirements, plus Euro-dollar borrowings, loans sold to bank-related institutions, and certain other nondeposit items. This series for deposits is referred to as "the adjusted bank credit proxy."

NOTE.—Due to changes in Regulations M and D, member bank reserves include reserves held against nondeposit funds beginning Oct. 16, 1969. Revised back data may be obtained from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

LOANS AND INVESTMENTS AT ALL COMMERCIAL BANKS

(In billions of dollars)

Date	Seasonally adjusted							Not seasonally adjusted						
	Total loans and investments[1]	Loans				Securities		Total loans and investments[1]	Loans				Securities	
		Total[1]	Plus loans sold[2]	Commercial and industrial[3]: Total	Commercial and industrial[3]: Plus loans sold[2]	U.S. Treasury	Other[4]		Total[1]	Plus loans sold[2]	Commercial and industrial[3]: Total	Commercial and industrial[3]: Plus loans sold[2]	U.S. Treasury	Other[4]
1971—Dec. 31	484.8	320.3	323.1	115.9	117.5	60.1	104.4	497.9	328.3	331.1	118.5	120.2	64.9	104.7
1972—Dec. 31	556.4	377.8	380.4	129.7	131.4	61.9	116.7	571.4	387.3	389.9	132.7	134.4	67.0	117.1
1973—Dec. 31	630.3	447.3	451.6	155.8	158.4	52.8	130.2	647.3	458.5	462.8	159.4	162.0	58.3	130.6
1974—Dec. 31[5, 6]	687.1	498.2	503.0	182.6	185.3	48.8	140.1	705.6	510.7	515.5	186.8	189.6	54.5	140.5
1975—Feb. 26	692.6	498.9	503.4	182.5	185.2	53.2	140.5	686.8	492.8	497.3	180.7	183.4	54.6	139.5
Mar. 26	697.0	498.3	503.0	180.9	183.7	58.5	140.2	692.5	492.3	496.9	180.5	183.3	59.3	140.9
Apr. 30	699.1	495.0	499.6	180.5	183.2	64.0	140.1	698.1	493.1	497.7	181.1	183.8	63.3	141.7
May 28	702.0	492.8	497.5	179.1	181.9	68.2	141.0	698.3	491.6	496.3	178.7	181.5	65.0	141.7
June 30	705.0	489.9	494.6	176.3	179.2	72.4	142.7	709.3	497.2	501.9	179.0	181.9	68.2	143.9
July 30p	706.4	489.6	494.1	177.6	180.4	73.4	143.4	704.9	491.7	496.2	177.5	180.3	69.6	143.6
Aug. 27p	710.4	490.7	495.2	177.5	180.3	75.6	144.1	705.6	489.7	494.2	176.0	178.8	72.1	143.8
Sept. 24p	711.6	490.4	494.9	176.4	179.2	77.1	144.1	711.5	491.7	496.2	176.8	179.6	75.4	144.3
Oct. 29p	715.0	494.1	498.8	177.9	180.8	75.1	145.8	713.3	492.4	497.1	176.6	179.5	76.1	144.8
Nov. 26p	721.3	498.0	502.7	178.9	181.7	76.3	147.0	720.9	496.0	500.7	177.8	180.6	79.6	145.3
Dec. 31p	717.2	494.7	499.1	177.7	180.3	77.9	144.6	734.4	505.1	509.5	181.1	183.7	84.2	145.1
1976—Jan. 28p	720.5	495.4	499.7	178.1	180.6	80.2	144.9	719.5	490.6	494.9	176.0	178.5	84.9	144.0

1 Adjusted to exclude domestic commercial interbank loans.

2 Loans sold are those sold outright for banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' holding company (if not a bank), and nonconsolidated nonbank subsidiaries of *the holding company. Prior to Aug. 28, 1974, the institutions included* had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

3 Reclassification of loans at one large bank reduced these loans by about $400 million as of June 30, 1972.

4 Farmers Home Administration insured notes included in "Other securities" rather than in loans beginning June 30, 1971, when such notes *totaled about $700 million.*

5 Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other securities," and $600 million in "Total loans and investments."

6 As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), *and "Other securities," $0.5 billion. In late November "Commercial and* industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

NOTE. *Total loans and investments:* For monthly data, Jan. 1959–June 1973, see Nov. 1973 BULLETIN, pp. A-96–A-97, and for 1948–58, Aug. 1968 BULLETIN, pp. A-94–A-97. For a description of the current seasonally adjusted series see the Nov. 1973 BULLETIN, pp. 831–32, and the Dec. 1971 BULLETIN, pp. 971–73. *Commercial and industrial loans:* For monthly data, Jan. 1959–June 1973, see Nov. 1973 BULLETIN, pp. A-96–A-98; for description see July 1972 BULLETIN, p. 683. Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK

(Amounts in millions of dollars)

Classification by FRS membership and FDIC insurance	Loans and investments: Total	Loans and investments: Loans [1]	Securities: U.S. Treasury	Securities: Other [2]	Cash assets [3]	Total assets—Total liabilities and capital accounts [4]	Deposits: Total [3]	Interbank [3]: Demand	Interbank [3]: Time	Other: Demand: U.S. Govt.	Other: Demand: Other	Other: Time [5]	Borrowings	Total capital accounts	Number of banks
Last-Wednesday-of-month series [6]															
All commercial banks:															
1941—Dec. 31...	50,746	21,714	21,808	7,225	26,551	79,104	71,283	10,982		44,349		15,952	23	7,173	14,278
1947—Dec. 31 [7]..	116,284	38,057	69,221	9,006	37,502	155,377	144,103	12,792	240	1,343	94,367	35,360	65	10,059	14,181
1960—Dec. 31...	199,509	117,642	61,003	20,864	52,150	257,552	229,843	17,079	1,799	5,945	133,379	71,641	163	20,986	13,472
1970—Dec. 31 [8]..	461,194	313,334	61,742	86,118	93,643	576,242	480,940	30,608	1,975	7,938	209,335	231,084	19,375	42,958	13,686
1971—Dec. 31...	516,564	346,930	64,930	104,704	99,832	640,255	537,946	32,205	2,908	10,169	220,375	272,289	25,912	47,211	13,783
1972—Dec. 31...	598,808	414,696	67,028	117,084	113,128	739,033	616,037	33,854	4,194	10,875	252,223	314,891	38,083	52,658	13,927
1973—Dec. 31...	683,799	494,947	58,277	130,574	118,276	835,224	681,847	36,839	6,773	9,865	263,367	365,002	58,994	58,128	14,171
1974—Dec. 31...	744,107	549,183	54,451	140,473	128,042	919,552	747,903	43,483	11,496	4,807	267,506	420,611	58,369	63,650	14,465
1975—Jan. 29...	724,820	532,230	53,500	139,090	101,670	875,020	702,170	29,980	11,740	4,520	233,880	422,050	61,460	64,050	14,477
Feb. 26...	725,480	531,390	54,550	139,540	103,880	879,080	702,500	29,930	10,440	2,630	234,610	424,890	64,290	64,540	14,499
Mar. 26...	731,690	531,440	59,330	140,920	105,850	889,370	712,520	30,410	11,680	3,950	236,900	429,580	63,370	65,220	14,525
Apr. 30...	731,100	526,120	63,280	141,700	114,140	899,110	723,060	33,140	11,880	7,910	242,580	427,550	61,340	65,100	14,537
May 28...	733,690	527,030	65,000	141,660	114,400	901,280	725,590	32,510	11,200	2,950	246,410	432,520	61,700	65,080	14,558
June 30...	747,551	535,493	68,191	143,868	128,716	930,719	754,324	42,582	11,209	3,117	264,027	433,389	62,420	66,557	14,573
July 30p..	738,850	525,640	69,620	143,590	106,780	900,210	724,350	33,160	10,830	2,230	243,470	434,660	61,800	66,150	14,583
Aug. 27p..	740,590	524,700	72,060	143,830	104,030	898,940	723,090	31,510	10,570	2,850	242,290	435,870	59,770	66,580	14,595
Sept. 24p..	742,300	522,580	75,440	144,280	105,160	903,440	724,490	31,280	10,990	3,220	240,080	438,920	60,790	66,900	14,612
Oct. 29p..	745,150	524,260	76,050	144,840	109,140	911,930	733,730	31,830	11,210	2,700	247,030	440,960	60,310	67,440	14,629
Nov. 26p..	754,780	529,890	79,550	145,340	121,370	934,450	749,140	34,470	11,160	3,600	256,970	442,940	66,360	67,850	14,625
Dec. 31p..	771,380	542,090	84,220	145,070	128,270	958,410	781,770	41,660	11,830	3,170	278,280	446,830	58,100	68,510	14,630
1976—Jan. 28p..	753,420	524,510	84,930	143,980	111,050	921,760	738,930	32,000	11,160	3,880	245,230	446,660	66,780	68,600	14,630
Members of F.R. System:															
1941—Dec. 31...	43,521	18,021	19,539	5,961	23,113	68,121	61,717	10,385	140	1,709	37,136	12,347	4	5,886	6,619
1947—Dec. 31...	97,846	32,628	57,914	7,304	32,845	132,060	122,528	12,353	50	1,176	80,609	28,340	54	8,464	6,923
1960—Dec. 31...	165,619	99,933	49,106	16,579	45,756	216,577	193,029	16,437	1,639	5,287	112,393	57,273	130	17,398	6,174
1970—Dec. 31 [8]..	365,940	253,936	45,399	66,604	81,500	465,644	384,596	29,142	1,733	6,460	168,032	179,229	18,578	34,100	5,767
1971—Dec. 31...	405,087	277,717	47,633	79,738	86,189	511,353	425,380	30,612	2,549	8,427	174,385	209,406	25,046	37,279	5,727
1972—Dec. 31...	465,788	329,548	48,715	87,524	96,566	585,125	482,124	31,958	3,561	9,024	197,817	239,763	36,357	41,228	5,704
1973—Dec. 31...	528,124	391,032	41,494	95,598	100,098	655,898	526,837	34,782	5,843	8,273	202,564	275,374	55,611	44,741	5,735
1974—Dec. 31...	568,532	429,537	38,921	100,073	106,995	715,615	575,563	41,062	10,052	3,183	204,203	317,064	52,850	48,240	5,780
1975—Jan. 29...	550,220	414,419	37,549	98,252	86,350	676,898	536,256	28,311	10,299	3,247	177,701	316,698	56,105	48,411	5,783
Feb. 26...	549,144	412,076	38,628	98,440	88,430	678,970	535,250	28,157	8,991	1,989	178,596	317,517	58,868	48,741	5,785
Mar. 26...	552,957	411,446	42,544	98,967	89,685	685,906	542,076	28,564	10,231	2,794	180,214	320,273	58,030	49,219	5,785
Apr. 30...	550,756	406,676	45,142	98,938	96,694	692,147	549,824	31,102	10,433	6,212	184,693	317,384	55,738	49,267	5,789
May 28...	551,264	405,803	46,918	98,543	96,455	691,485	549,996	30,191	9,751	2,178	187,439	320,437	56,140	49,188	5,790
June 30...	562,667	412,939	49,610	100,118	107,152	716,364	573,382	39,847	9,576	2,166	201,197	320,596	56,334	50,257	5,794
July 30...	553,545	403,742	50,050	99,753	89,898	688,756	547,222	30,980	9,198	1,541	184,595	320,908	56,094	49,951	5,796
Aug. 27...	554,007	402,281	51,899	99,827	87,208	686,266	545,021	29,335	8,932	2,099	183,283	321,372	54,175	50,281	5,792
Sept. 24...	555,096	400,695	54,355	100,046	88,004	689,717	546,360	29,150	9,360	2,343	181,340	324,167	54,929	50,543	5,792
Oct. 29...	556,383	401,492	54,546	100,345	91,397	695,312	552,649	29,568	9,578	1,952	186,851	324,700	54,250	50,963	5,796
Nov. 26p..	564,055	405,825	57,477	100,753	102,106	714,149	564,856	32,064	9,527	2,708	194,502	326,055	60,162	51,199	5,792
Dec. 31p..	577,678	416,039	61,238	100,401	107,211	733,267	591,358	38,595	10,197	2,226	211,418	328,922	52,756	51,748	5,789
1976—Jan. 28p..	563,470	402,067	61,713	99,690	93,794	705,135	556,297	29,712	9,529	2,911	185,779	328,366	61,022	52,067	5,789
Call date series															
Insured banks:															
Total:															
1941—Dec. 31...	49,290	21,259	21,046	6,984	25,788	76,820	69,411	10,654		1,762	41,298	15,699	10	6,844	13,426
1947—Dec. 31...	114,274	37,583	67,941	8,750	36,926	152,733	141,851	12,615	54	1,325	92,975	34,882	61	9,734	13,398
1960—Dec. 31...	198,011	117,092	60,468	20,451	51,836	255,669	228,401	16,921	1,667	5,932	132,533	71,348	149	20,628	13,119
1970—Dec. 31 [8]..	458,919	312,006	61,438	85,475	92,708	572,682	479,174	30,233	1,874	7,898	208,037	231,132	19,149	42,427	13,502
1972—Dec. 31...	594,502	411,525	66,679	116,298	111,333	732,519	612,822	33,366	4,113	10,820	250,693	313,830	37,556	52,166	13,721
1973—Dec. 31...	678,113	490,527	57,961	129,625	116,266	827,081	677,358	36,248	6,429	9,856	261,530	363,294	57,531	57,603	13,964
1974—Dec. 31...	734,516	541,111	54,132	139,272	125,375	906,325	741,665	42,587	10,693	4,799	265,444	418,142	55,988	63,039	14,216
1975—June 30...	736,164	526,272	67,833	142,060	125,181	914,781	746,348	41,244	10,252	3,106	261,903	416,962	59,310	65,986	14,320
Sept. 30...	740,882	521,673	73,382	140,627	117,774	911,981	741,758	37,652	9,876	3,606	252,945	425,382	58,325	67,579	14,357
National member:															
1941—Dec. 31...	27,571	11,725	12,039	3,806	14,977	43,433	39,458	6,786		1,088	23,262	8,322	4	3,640	5,117
1947—Dec. 31...	65,280	21,428	38,674	5,178	22,024	88,182	82,023	8,375	35	795	53,541	19,278	45	5,409	5,005
1960—Dec. 31...	107,546	63,694	32,712	11,140	28,675	139,261	124,911	9,829	611	3,265	71,660	39,546	111	11,098	4,530
1970—Dec. 31 [8]..	271,760	187,554	34,203	50,004	56,028	340,764	283,663	18,051	982	4,740	122,298	137,592	13,100	24,868	4,620
1972—Dec. 31...	350,743	247,041	37,185	66,516	67,390	434,810	359,319	19,096	2,155	6,646	146,800	184,622	26,706	30,342	4,612
1973—Dec. 31...	398,236	293,555	30,962	73,718	70,711	489,470	395,767	20,357	3,876	5,955	152,705	212,874	39,696	33,125	4,659
1974—Dec. 31...	428,433	321,466	29,075	77,892	76,523	534,207	431,039	23,497	6,750	2,437	154,397	243,959	39,603	35,815	4,706
1975—June 30...	428,167	312,229	37,606	78,331	75,686	536,836	431,646	21,096	6,804	1,723	152,576	242,492	41,954	37,483	4,730
Sept. 30...	428,507	307,230	40,872	76,929	72,216	534,415	427,421	20,250	6,795	1,963	146,382	245,783	42,073	38,346	4,738

For notes see opposite page.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK—Continued

(Amounts in millions of dollars)

Classification by FRS membership and FDIC insurance	Loans and investments: Total	Loans [1]	Securities: U.S. Treasury	Securities: Other [2]	Cash assets [3]	Total assets—Total liabilities and capital accounts [4]	Deposits: Total [1]	Interbank [3]: Demand	Interbank [3]: Time	Other: Demand: U.S. Govt.	Other: Demand: Other	Other: Time [5]	Borrowings	Total capital accounts	Number of banks
						Call date series									
Insured banks (cont.):															
State member:															
1941—Dec. 31	15,950	6,295	7,500	2,155	8,145	24,688	22,259	3,739		621	13,874	4,025	1	2,246	1,502
1947—Dec. 31	32,566	11,200	19,240	2,125	10,822	43,879	40,505	3,978	15	381	27,068	9,062	9	3,055	1,918
1960—Dec. 31	58,073	36,240	16,394	5,439	17,081	77,316	68,118	6,608	1,028	2,022	40,733	17,727	20	6,299	1,644
1970—Dec. 31[8]	94,760	66,963	11,196	16,600	25,472	125,460	101,512	11,091	750	1,720	45,734	42,218	5,478	9,232	1,147
1972—Dec. 31	115,426	82,889	11,530	21,008	29,176	150,697	123,186	12,862	1,406	2,378	51,017	55,523	9,651	10,886	1,092
1973—Dec. 31	130,240	97,828	10,532	21,880	29,387	166,780	131,421	14,425	1,968	2,318	49,859	62,851	15,914	11,617	1,076
1974—Dec. 31	140,373	108,346	9,846	22,181	30,473	181,683	144,799	17,565	3,301	746	49,807	73,380	13,247	12,425	1,074
1975—June 30	134,759	100,968	12,004	21,787	31,466	179,787	141,995	18,751	2,771	443	48,621	65,654	14,380	12,773	1,064
1975—Sept. 30	135,003	99,854	12,234	21,240	28,842	176,267	139,276	16,125	2,427	490	46,416	67,958	13,211	13,009	1,057
Nonmember:															
1941—Dec. 31	5,776	3,241	1,509	1,025	2,668	8,708	7,702	129		53	4,162	3,360	6	959	6,810
1947—Dec. 31	16,444	4,958	10,039	1,448	4,083	20,691	19,342	262	4	149	12,366	6,558	7	1,271	6,478
1960—Dec. 31	32,411	17,169	11,368	3,874	6,082	39,114	35,391	484	27	645	20,140	14,095	19	3,232	6,948
1970—Dec. 31[8]	92,399	57,489	16,039	18,871	11,208	106,457	93,998	1,091	141	1,438	40,005	51,322	571	8,326	7,735
1972—Dec. 31	128,333	81,594	17,964	28,774	14,767	147,013	130,316	1,408	552	1,796	52,876	73,685	1,199	10,938	8,017
1973—Dec. 31	149,638	99,143	16,467	34,027	16,167	170,831	150,170	1,467	586	1,582	58,966	87,569	1,920	12,862	8,229
1974—Dec. 31	165,709	111,300	15,211	39,199	18,380	190,435	165,827	1,525	642	1,616	61,240	100,804	3,138	14,799	8,436
1975—June 30	173,238	113,074	18,223	41,942	18,029	198,157	172,707	1,397	676	940	60,706	108,816	2,976	15,730	8,526
1975—Sept. 30	177,371	114,589	20,275	42,457	16,717	201,299	175,060	1,277	655	1,153	60,147	111,641	3,041	16,224	8,562
Noninsured nonmember:															
1941—Dec. 31	1,457	455	761	241	763	2,283	1,872	329		1,291		253	13	329	852
1947—Dec. 31[7]	2,009	474	1,280	255	576	2,643	2,251	177	185	18	1,392	478	4	325	783
1960—Dec. 31	1,498	550	535	413	314	1,883	1,443	159	132	13	846	293	14	358	352
1970—Dec. 31[8]	3,079	2,132	304	642	934	4,365	2,570	375	101	40	1,298	756	226	532	184
1971—Dec. 31	3,147	2,224	239	684	1,551	5,130	2,923	380	116	19	1,273	1,134	283	480	181
1972—Dec. 31	4,865	3,731	349	785	1,794	7,073	3,775	488	81	55	1,530	1,620	527	491	206
1973—Dec. 31	6,192	4,927	316	949	2,010	8,650	4,996	591	344	9	1,836	2,215	1,463	524	207
1974—Dec. 31	9,981	8,461	319	1,201	2,667	13,616	6,627	897	803	8	2,062	2,857	2,382	611	249
1975—June 30	11,725	9,559	358	1,808	3,534	16,277	8,314	1,338	957	11	2,124	3,320	3,110	570	253
Total nonmember:															
1941—Dec. 31	7,233	3,696	2,270	1,266	3,431	10,992	9,573	457		5,504		3,613	18	1,288	7,662
1947—Dec. 31	18,454	5,432	11,318	1,703	4,659	23,334	21,591	439	190	167	13,758	7,036	12	1,596	7,261
1960—Dec. 31	33,910	17,719	11,904	4,287	6,396	40,997	36,834	643	160	657	20,986	14,388	33	3,590	7,300
1970—Dec. 31[8]	95,478	59,621	16,342	19,514	12,143	110,822	96,568	1,466	243	1,478	41,303	52,078	796	8,858	7,919
1971—Dec. 31	111,674	69,411	17,297	24,966	13,643	129,100	112,764	1,592	359	1,742	45,990	63,081	866	9,932	8,056
1972—Dec. 31	133,198	85,325	18,313	29,559	16,562	154,085	134,091	1,895	633	1,850	54,406	75,305	1,726	11,429	8,223
1973—Dec. 31	155,830	104,070	16,783	34,976	18,177	179,480	155,165	2,057	930	1,592	60,802	89,784	3,383	13,386	8,436
1974—Dec. 31	175,690	119,761	15,530	40,400	21,047	204,051	172,454	2,422	1,445	1,624	63,302	103,661	5,520	15,410	8,685
1975—June 30	184,963	122,633	18,581	43,750	21,563	214,434	181,021	2,735	1,633	951	62,830	112,136	6,086	16,300	8,779

[1] Loans to farmers directly guaranteed by CCC were reclassified as securities and Export-Import Bank portfolio fund participations were reclassified from loans to securities effective June 30, 1966. This reduced "Total loans" and increased "Other securities" by about $1 billion. "Total loans" include Federal funds sold, and beginning with June 1967 securities purchased under resale agreements, figures for which are included in "Federal funds sold, etc.," on p. A-16.

Effective June 30, 1971, Farmers Home Administration notes were classified as "Other securities" rather than "Loans." As a result of this change, approximately $300 million was transferred to "Other securities" for the period ending June 30, 1971, for all commercial banks.

See also table (and notes) at the bottom of p. A-24.

[2] See first 2 paragraphs of note 1.

[3] Reciprocal balances excluded beginning with 1942.

[4] Includes items not shown separately. See also note 1.

[5] See third paragraph of note 1 above.

[6] For the last-Wednesday-of-the-month series, figures for call dates are shown for June and December as soon as they became available.

[7] Beginning with Dec. 31, 1947, the series was revised; for description, see note 4, p. 587, May 1964 BULLETIN.

[8] Figure takes into account the following changes, which became effective June 30, 1969: (1) inclusion of consolidated reports (including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries) and (2) reporting of figures for total loans and for individual categories of securities on a gross basis—that is, before deduction of valuation reserves—rather than net as previously reported.

[9] Member bank data for Oct. exclude assets of $3.6 billion of one large bank.

NOTE.—Data are for all commercial banks in the United States (including Alaska and Hawaii, beginning with 1959). Commercial banks represent all commercial banks, both member and nonmember; stock savings banks; nondeposit trust companies; and U.S. branches of foreign banks.

Figures for member banks before 1970 include mutual savings banks as follows: 3 before Jan. 1960 and 2 through Dec. 1960. Those banks are not included in insured commercial banks.

Effective June 30, 1969, commercial banks and member banks exclude a small national bank in the Virgin Islands; also, member banks exclude, and noninsured commercial banks include, through June 30, 1970, a small member bank engaged exclusively in trust business; beginning 1973, exclude 1 national bank in Puerto Rico.

Beginning Dec. 31, 1973, June 30, 1974, and Dec. 31, 1974, June 30, 1975, respectively, member banks exclude and noninsured nonmember banks include 1, 2, 3, and 4 noninsured trust companies that are member of the Federal Reserve System.

Comparability of figures for classes of banks is affected somewhat by changes in F.R. membership, deposit insurance status, and by mergers etc.

Figures are partly estimated except on call dates.

For revisions in series before June 30, 1947, see July 1947 BULLETIN, pp. 870–71.

ASSETS BY CLASS OF BANK, JUNE 30, 1975

(Assets and liabilities are shown in millions of dollars.)

Account	All commercial banks	Insured commercial banks	Member banks[1]					Nonmember banks[1]
			Total	Large banks			All other	
				New York City	City of Chicago	Other large		
Cash bank balances, items in process	128,716	125,181	107,152	29,694	4,419	38,925	34,114	21,564
Currency and coin	10,102	10,079	7,546	569	121	2,520	4,335	2,556
Reserves with F.R. Banks	26,890	26,890	26,890	5,656	1,800	10,084	9,350	....
Demand balances with banks in United States	34,278	31,788	19,722	6,940	165	3,710	8,906	14,556
Other balances with banks in United States	5,727	5,276	3,647	94	115	1,153	2,284	2,080
Balances with banks in foreign countries	2,296	1,833	1,738	438	78	938	285	558
Cash items in process of collection	49,422	49,315	47,610	15,997	2,139	20,518	8,955	1,813
Total securities held—Book value	212,058	209,893	149,728	16,808	5,879	49,992	77,049	62,330
U.S. Treasury	68,191	67,833	49,610	7,368	2,189	17,061	22,992	18,581
Other U.S. Govt. agencies	33,882	33,490	21,213	1,754	570	6,348	12,540	12,669
States and political subdivisions	101,472	101,091	73,762	7,030	2,828	25,087	38,817	27,711
All other securities	8,513	7,479	5,144	657	291	1,496	2,699	3,370
Trade-account securities	6,198	6,188	6,136	2,468	556	2,896	217	62
U.S. Treasury	2,945	2,934	2,909	1,399	344	1,078	88	35
Other U.S. Govt. agencies	941	941	934	239	27	633	35	7
States and political subdivisions	1,907	1,907	1,893	736	117	952	89	14
All other	406	406	400	95	68	233	5	6
Bank investment portfolios	205,860	203,705	143,592	14,340	5,323	47,096	76,832	62,268
U.S. Treasury	65,246	64,899	46,701	5,969	1,845	15,983	22,904	18,545
Other U.S. Govt. agencies	32,941	32,549	20,279	1,515	544	5,715	12,505	12,662
States and political subdivisions	99,566	99,184	71,869	6,294	2,711	24,135	38,729	27,697
All other	8,108	7,073	4,743	562	224	1,264	2,694	3,364
Federal funds sold and securities resale agreements	38,841	37,383	28,951	1,747	1,263	14,807	11,133	9,891
Commercial banks	34,083	32,625	24,296	852	1,041	11,800	10,604	9,787
Brokers and dealers	3,054	3,054	2,977	108	203	2,195	471	77
Others	1,704	1,704	1,677	787	19	812	59	27
Other loans	496,990	488,888	384,247	75,339	22,512	142,424	143,973	112,742
Real estate loans	131,445	131,246	94,442	7,951	1,332	35,526	49,633	37,003
Secured by farmland	6,105	6,090	2,676	5	2	327	2,342	3,428
Secured by residential	81,360	81,233	59,898	4,265	894	23,532	31,207	21,462
1- to 4-family residences	74,612	74,489	54,377	3,150	839	20,932	29,456	20,235
FHA insured	5,626	5,610	4,875	233	55	2,632	1,955	752
VA guaranteed	3,167	3,147	2,713	181	20	1,418	1,094	454
Other	65,818	65,732	46,790	2,736	764	16,882	26,407	19,029
Multifamily	6,748	6,744	5,521	1,115	55	2,600	1,751	1,227
FHA insured	762	761	706	136	25	331	214	56
Other	5,986	5,983	4,815	978	30	2,269	1,537	1,171
Secured by other properties	43,981	43,923	31,868	3,681	436	11,667	16,084	12,113
Loans to domestic and foreign banks	11,155	8,644	8,075	3,543	504	3,252	776	3,080
Loans to other financial institutions	32,413	32,164	30,964	11,756	4,720	12,175	2,314	1,449
Loans on securities to brokers and dealers	5,534	5,447	5,373	3,931	659	649	134	161
Other loans for purch./carry securities	3,836	3,818	3,177	516	277	1,497	887	658
Loans to farmers	19,071	19,054	10,768	88	190	2,554	7,935	8,304
Commercial and industrial loans	178,993	174,436	147,242	39,616	12,517	55,802	39,307	31,751
Loans to individuals	101,816	101,512	72,806	4,942	1,540	25,865	40,458	29,010
Instalment loans	79,246	79,033	56,275	3,062	804	20,229	32,180	22,971
Passenger automobiles	32,128	32,026	21,423	421	151	6,621	14,230	10,706
Residential-repair/modernize	5,627	5,611	4,077	202	49	1,717	2,109	1,550
Credit cards and related plans	10,835	10,835	9,551	1,015	399	5,320	2,818	1,284
Charge-account credit cards	8,240	8,240	7,389	742	369	4,181	2,096	851
Check and revolving credit plans	2,595	2,594	2,162	273	29	1,139	722	433
Other retail consumer goods	15,273	15,242	10,661	160	104	3,765	6,632	4,611
Mobile homes	8,807	8,801	6,340	100	48	2,276	3,916	2,467
Other	6,466	6,441	4,321	60	56	1,489	2,716	2,144
Other instalment loans	15,383	15,318	10,563	1,265	101	2,807	6,390	4,820
Single-payment loans to individuals	22,570	22,479	16,531	1,880	736	5,636	8,278	6,039
All other loans	12,726	12,568	11,400	2,995	773	5,103	2,529	1,326
Total loans and securities	747,889	736,164	562,926	93,894	29,654	207,223	232,155	184,963
Fixed assets—Buildings, furniture, real estate	16,254	16,175	12,183	1,263	500	4,894	5,526	4,071
Investments in subsidiaries not consolidated	1,820	1,798	1,777	797	146	754	81	42
Customer acceptances outstanding	9,462	9,223	8,993	4,795	427	3,438	332	469
Other assets	26,917	26,239	23,592	8,889	1,122	9,756	3,825	3,325
Total assets	931,057	914,781	716,623	139,333	36,268	264,990	276,032	214,434
Number of banks	14,573	14,320	5,794	12	9	155	5,618	8,779

[1] Member banks exclude and nonmember banks include 4 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

[2] See table (and notes), *Deposits Accumulated for Payment of Personal Loans*, p. 24.

[3] Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., less cash items reported as in process of collection.

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Figures for total loans and for individual categories of securities are reported on a gross basis—that is, before deduction of valuation reserves.

Back data in lesser detail were shown in previous BULLETINS. Beginning with the fall Call Report, data for future spring and fall Call Reports will be available from the Data Production Section of the Division of Data Processing.

Details may not add to totals because of rounding.

LIABILITIES AND CAPITAL BY CLASS OF BANK, JUNE 30, 1975

(Assets and liabilities are shown in millions of dollars.)

Account	All commercial banks	Insured commercial banks	Member banks[1]					Non-member banks[1]
			Total	Large banks			All other	
				New York City	City of Chicago	Other large		
Demand deposits	309,726	306,253	243,210	57,475	9,911	85,372	90,453	66,516
Mutual savings banks	1,279	1,151	1,057	483	1	210	362	223
Other individuals, partnerships, and corporations	232,079	231,121	177,344	29,687	7,668	65,847	74,142	54,735
U.S. Government	3,117	3,106	2,166	118	42	725	1,280	951
States and political subdivisions	18,217	18,079	13,074	758	186	3,883	8,247	5,143
Foreign governments, central banks, etc.	1,555	1,310	1,280	1,088	18	167	6	275
Commercial banks in United States	34,345	34,019	32,823	16,986	1,593	10,482	3,762	1,522
Banks in foreign countries	6,957	6,074	5,967	4,662	152	1,058	95	990
Certified and officers' checks, etc.	12,176	11,393	9,499	3,691	250	2,999	2,558	2,677
Time and savings deposits	444,936	440,096	330,431	46,693	16,362	119,708	147,669	114,505
Savings deposits	151,744	151,463	109,037	6,995	2,385	38,455	61,202	42,708
Accumulated for personal loan payments[2]	338	335	259	...	...	74	186	79
Mutual savings banks	648	627	611	287	17	265	42	37
Other individuals, partnerships, and corporations	219,489	216,619	163,751	25,801	10,371	59,106	68,473	55,738
U.S. Government	492	492	360	10	1	184	165	132
States and political subdivisions	48,219	48,052	34,739	1,421	1,324	15,062	16,932	13,480
Foreign governments, central banks, etc.	13,445	12,882	12,710	7,956	1,374	3,337	43	735
Commercial banks in United States	8,449	8,334	7,716	3,205	842	3,048	621	733
Banks in foreign countries	2,111	1,291	1,248	1,018	48	178	5	863
Total deposits	754,662	746,348	573,641	104,167	26,272	205,080	238,122	181,021
Federal funds purchased and securities sold under agreements to repurchase	56,529	54,835	52,184	13,367	5,845	25,865	7,106	4,345
Other liabilities for borrowed money	5,891	4,475	4,150	1,362	26	2,370	392	1,741
Mortgage indebtedness	763	761	550	64	4	313	169	213
Bank acceptances outstanding	10,060	9,814	9,583	5,375	430	3,447	332	477
Other liabilities	27,627	23,645	18,960	3,535	929	7,789	6,706	8,667
Total liabilities	855,533	839,879	659,069	127,870	33,507	244,864	252,827	196,464
Minority interest in consolidated subsidiaries	5	4	1	...	...	...	1	4
Total reserves on loans/securities	8,963	8,912	7,297	1,685	525	2,761	2,325	1,666
Reserves for bad debts (IRS)	8,659	8,614	7,110	1,685	525	2,682	2,218	1,549
Other reserves on loans	121	119	69	...	1	17	50	53
Reserves on securities	182	179	119	...	...	61	57	64
Total capital accounts	66,557	65,986	50,257	9,777	2,236	17,365	20,878	16,300
Capital notes and debentures	4,347	4,287	3,467	782	81	1,656	948	880
Equity capital	62,210	61,699	46,790	8,995	2,155	15,710	19,930	15,421
Preferred stock	50	42	24	...	...	10	13	27
Common stock	15,176	15,077	11,187	2,163	568	3,614	4,842	3,989
Surplus	25,968	25,816	19,500	3,667	1,143	6,976	7,713	6,468
Undivided profits	20,053	19,859	15,441	3,166	399	4,845	7,031	4,613
Other capital reserves	963	905	638	...	44	264	330	324
Total liabilities, reserves, minority interest, capital accounts	931,057	914,781	716,623	139,333	36,268	264,990	276,032	214,434
Demand deposits adjusted[3]	222,842	219,813	160,611	24,373	6,136	53,646	76,456	62,231
Average total deposits (past 15 days)	734,017	726,164	555,860	96,313	25,508	199,612	234,427	178,157
Average total loans (past 15 days)	506,945	497,466	385,936	74,863	22,484	143,273	145,316	121,009
Selected ratios:								
Percentage of total assets								
Cash and balances with other banks	13.8	13.7	15.0	21.3	12.2	14.7	12.4	10.1
	22.8	22.9	20.9	12.1	16.2	18.9	27.9	29.1
Total securities held								
Trading account securities	.7	.7	.9	1.8	1.5	1.1	.1	...
U.S. Treasury	.3	.3	.4	1.0	.9	.4	...	...
States and political subdivisions	.2	.2	.3	.5	.3	.4	...	...
All other trading account securities	.1	.1	.2	.2	.3	.3	...	...
Bank investment portfolios	22.1	22.3	20.0	10.3	14.7	17.8	27.8	29.0
U.S. Treasury	7.0	7.1	6.5	4.3	5.1	6.0	8.3	8.6
States and political subdivisions	10.7	10.8	10.0	4.5	7.5	9.1	14.0	12.9
All other portfolio securities	4.4	4.3	3.5	1.5	2.1	2.6	5.5	7.5
Other loans and Federal funds sold	57.6	57.5	57.7	55.3	65.6	59.3	56.2	57.2
All other assets	5.8	5.8	6.5	11.3	6.1	7.1	3.5	3.7
Total loans and securities	80.3	80.5	78.6	67.4	81.8	78.2	84.1	86.3
Reserves for loans and securities	1.0	1.0	1.0	1.2	1.4	1.0	.8	.8
Equity capital—Total	6.7	6.7	6.5	6.5	5.9	5.9	7.2	7.2
Total capital accounts	7.1	7.2	7.0	7.0	6.2	6.6	7.6	7.6
Number of banks	14,573	14,320	5,794	12	9	155	5,618	8,779

For notes see opposite page.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲

(In millions of dollars)

Wednesday	Total loans and investments	Loans: Federal funds sold, etc.[1]: Total	Federal funds sold: To commercial banks	Federal funds sold: To brokers and dealers involving—: U.S. Treasury securities	Federal funds sold: To brokers and dealers involving—: Other securities	Federal funds sold: To others	Other: Total	Other: Commercial and industrial	Other: Agricultural	For purchasing or carrying securities: To brokers and dealers: U.S. Treasury secs.	For purchasing or carrying securities: To brokers and dealers: Other secs.	For purchasing or carrying securities: To others: U.S. Treasury secs.	For purchasing or carrying securities: To others: Other secs.	To nonbank financial institutions: Pers. and sales finance cos., etc.	To nonbank financial institutions: Other	Real estate
Large banks—Total																
1975																
Jan. 8	407,598	19,532	14,947	2,352	1,459	774	300,373	130,816	3,637	2,353	3,477	85	2,521	10,340	21,370	60,246
15	402,853	18,672	14,691	1,863	1,260	858	297,282	129,635	3,586	1,226	3,602	86	2,476	10,272	21,358	60,257
22	395,791	17,430	14,384	1,272	840	934	293,235	128,446	3,565	550	2,950	84	2,438	9,992	21,030	60,220
29	393,512	17,342	13,847	1,595	987	913	292,146	127,429	3,528	898	3,380	82	2,453	9,785	20,806	60,261
Dec. 3	397,103	18,391	14,428	2,287	922	754	280,443	119,311	3,545	1,221	4,619	76	2,290	8,560	18,750	59,482
10	398,980	18,874	14,398	2,754	819	903	280,184	119,543	3,546	1,184	4,522	70	2,297	8,608	18,635	59,492
17	402,384	18,764	14,603	2,078	1,023	1,060	282,792	120,116	3,593	1,451	5,466	72	2,300	8,680	18,591	59,453
24	401,519	18,678	14,914	1,943	844	977	282,907	120,455	3,580	1,497	4,727	70	2,300	8,493	18,382	59,400
31	404,053	19,809	15,987	1,974	901	947	283,899	120,661	3,640	1,059	5,498	70	2,306	8,628	18,552	59,530
1976																
Jan. 7	402,782	20,264	16,283	2,687	677	617	281,549	119,529	3,688	1,649	4,311	73	2,328	8,259	18,321	59,850
14	401,058	20,597	17,445	1,700	781	671	279,147	118,653	3,631	977	4,243	78	2,259	8,294	18,082	59,842
21	394,724	18,035	14,878	1,650	567	940	277,309	118,028	3,631	813	3,885	79	2,272	8,209	17,995	59,836
28	393,321	18,421	15,765	1,496	513	647	275,113	117,095	3,645	551	3,340	74	2,266	8,151	17,818	59,747
New York City																
1975																
Jan. 8	94,211	1,406	1,322	28	38	18	77,323	40,894	126	1,980	2,277	21	534	3,536	8,282	7,514
15	93,408	2,506	2,402	62	......	42	75,986	40,396	126	1,085	2,349	21	507	3,591	8,330	7,508
22	90,188	2,067	1,814	93	......	160	73,681	39,812	125	482	1,868	20	502	3,428	8,207	7,531
29	89,669	1,977	1,774	108	......	95	73,479	39,477	121	754	2,231	20	499	3,288	8,192	7,509
Dec. 3	87,748	951	714	135	......	102	69,236	36,426	86	1,122	2,824	18	398	2,928	7,088	7,890
10	88,031	1,482	1,114	131	......	237	69,067	36,611	86	1,096	2,708	16	399	2,967	7,055	7,888
17	89,528	1,617	1,379	65	......	173	70,364	36,660	100	1,306	3,575	17	398	2,982	6,946	7,907
24	89,784	2,396	2,121	96	......	179	70,246	36,762	85	1,372	3,074	16	396	2,845	6,886	7,906
31	90,010	2,603	2,170	91	10	332	70,085	36,710	90	999	3,427	17	394	2,860	6,857	7,890
1976																
Jan. 7	92,527	838	617	88	......	133	73,326	37,538	107	1,439	2,599	16	453	2,790	6,987	9,533
14	91,908	1,637	1,405	125	15	92	71,745	36,867	103	898	2,519	18	394	2,861	6,961	9,507
21	90,501	1,839	1,365	74	......	400	71,023	36,573	101	755	2,489	19	389	2,734	6,996	9,498
28	89,993	2,108	1,777	157	......	174	69,773	36,223	100	490	2,026	19	390	2,702	6,946	9,456
Outside New York City																
1975																
Jan. 8	313,387	18,126	13,625	2,324	1,421	756	223,050	89,922	3,511	373	1,200	64	1,987	6,804	13,088	52,732
15	309,445	16,166	12,289	1,801	1,260	816	221,296	89,239	3,460	141	1,253	65	1,969	6,681	13,028	52,749
22	305,603	15,363	12,570	1,179	840	774	219,554	88,634	3,440	68	1,082	64	1,936	6,564	12,823	52,689
29	303,843	15,365	12,073	1,487	987	818	218,667	87,952	3,407	144	1,149	62	1,954	6,497	12,614	52,752
Dec. 3	309,355	17,440	13,714	2,152	922	652	211,207	82,885	3,459	99	1,795	58	1,892	5,632	11,662	51,592
10	310,949	17,392	13,284	2,623	819	666	211,117	82,932	3,460	88	1,814	54	1,898	5,641	11,580	51,604
17	312,856	17,147	13,224	2,013	1,023	887	212,428	83,456	3,493	145	1,891	55	1,902	5,698	11,645	51,546
24	311,735	16,282	12,793	1,847	844	798	212,661	83,693	3,495	125	1,653	54	1,904	5,648	11,496	51,494
31	314,043	17,206	13,817	1,883	891	615	213,814	83,951	3,550	60	2,071	53	1,912	5,768	11,695	51,640
1976																
Jan. 7	310,255	19,426	15,666	2,599	677	484	208,223	81,991	3,581	210	1,712	57	1,875	5,469	11,334	50,317
14	309,150	18,960	16,040	1,575	766	579	207,402	81,786	3,528	79	1,724	60	1,865	5,433	11,121	50,335
21	304,223	16,196	13,513	1,576	567	540	206,286	81,455	3,530	58	1,396	60	1,883	5,475	10,999	50,338
28	303,328	16,313	13,988	1,339	513	473	205,340	80,872	3,545	61	1,314	55	1,876	5,446	10,872	50,291

▲ Effective with changes in New York State branch banking laws, beginning Jan. 1, 1976, three large New York City banks are now reporting combined totals for previously affiliated banks that have been converted to branches.

The principal effects of these changes were to increase the reported data for New York City (total assets by about $5.5 billion) and to decrease the reported data for "Outside New York City" (total assets, by about $4.0 billion).

Historical data (from Jan. 1972) on a basis comparable to 1976 data will be available from the Public Information Department of the Federal Reserve Bank of New York on request.

For other notes see p. A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Loans (cont.): Other (cont.): To commercial banks: Domestic	Loans (cont.): Other (cont.): To commercial banks: Foreign	Loans (cont.): Other (cont.): Consumer instalment	Loans (cont.): Other (cont.): Foreign govts.[2]	Loans (cont.): Other (cont.): All other	Investments: U.S. Treasury securities: Total	Investments: U.S. Treasury securities: Bills	Investments: U.S. Treasury securities: Notes and bonds maturing—: Within 1 yr.	Investments: U.S. Treasury securities: Notes and bonds maturing—: 1 to 5 yrs.	Investments: U.S. Treasury securities: Notes and bonds maturing—: After 5 yrs.	Investments: Other securities: Total	Investments: Other securities: Obligations of States and political subdivisions: Tax warrants[3]	Investments: Other securities: Obligations of States and political subdivisions: All other	Investments: Other securities: Other bonds, corp. stocks, and securities: Certif. of participation[4]	Investments: Other securities: Other bonds, corp. stocks, and securities: All other[5]	Wednesday
															Large banks Total
															1975
3,306	6,171	34,854	1,555	19,642	25,087	4,780	3,701	12,966	3,640	62,606	6,763	40,817	2,450	12,576	Jan. 8
3,099	6,048	34,778	1,457	19,402	24,512	4,412	3,733	12,842	3,525	62,387	6,737	40,586	2,496	12,568	15
3,141	5,790	34,683	1,428	18,918	23,689	3,759	3,710	12,723	3,497	61,437	6,436	40,110	2,470	12,421	22
3,140	5,492	34,653	1,457	18,782	23,011	3,392	3,614	12,568	3,437	61,013	6,324	40,005	2,477	12,207	29
2,302	5,831	34,709	1,488	18,259	37,859	11,279	6,663	16,971	2,946	60,410	6,806	39,533	2,340	11,731	Dec. 3
2,176	5,937	34,792	1,568	17,814	39,010	12,638	6,602	16,779	2,991	60,912	7,164	39,768	2,318	11,662	10
2,095	5,944	34,933	1,606	18,492	40,306	14,273	6,543	16,581	2,909	60,522	6,775	39,660	2,316	11,771	17
2,197	5,966	35,083	1,551	19,206	39,520	13,609	6,629	16,382	2,900	60,414	6,611	39,596	2,324	11,883	24
2,222	5,945	35,095	1,556	19,137	40,178	13,714	6,711	16,959	2,794	60,167	6,539	39,491	2,290	11,847	31
															1976
2,069	5,625	35,474	1,650	18,723	40,630	13,445	6,762	17,664	2,759	60,339	6,550	39,709	2,317	11,763	Jan. 7
2,001	5,487	35,460	1,616	18,524	41,362	14,159	6,903	17,524	2,776	59,952	6,364	39,621	2,278	11,689	14
1,918	5,404	35,377	1,741	18,121	39,963	13,249	6,748	17,314	2,652	59,417	6,194	39,407	2,251	11,565	21
1,957	5,214	35,364	1,774	18,117	40,508	13,023	6,785	17,506	3,194	59,279	6,102	39,425	2,241	11,511	28
															New York City
															1975
1,599	3,032	2,636	842	4,050	5,068	800	335	2,692	1,241	10,414	2,023	5,467	522	2,402	Jan. 8
1,525	2,950	2,654	840	4,104	4,700	592	327	2,584	1,197	10,216	1,979	5,383	557	2,297	15
1,544	2,836	2,649	793	3,884	4,607	641	303	2,480	1,183	9,833	1,855	5,183	538	2,257	22
1,548	2,622	2,648	733	3,837	4,503	602	284	2,450	1,167	9,710	1,772	5,176	539	2,223	29
852	2,464	2,619	551	3,970	8,451	2,745	977	3,995	734	9,110	1,341	5,390	475	1,904	Dec. 3
804	2,505	2,629	580	3,723	8,213	2,695	860	3,851	807	9,269	1,404	5,512	479	1,874	10
826	2,532	2,627	595	3,893	8,514	3,281	832	3,651	750	9,033	1,281	5,421	475	1,856	17
802	2,543	2,646	600	4,313	8,175	2,913	856	3,645	761	8,967	1,194	5,398	480	1,895	24
823	2,541	2,598	597	4,282	8,492	3,100	840	3,836	716	8,830	1,168	5,377	478	1,807	31
															1976
786	2,405	3,806	635	4,232	8,784	2,701	1,073	4,222	788	9,579	1,371	6,191	204	1,813	Jan. 7
745	2,402	3,828	589	4,053	9,054	2,984	1,119	4,164	787	9,472	1,306	6,173	209	1,784	14
692	2,426	3,805	637	3,909	8,304	2,425	1,011	4,109	759	9,335	1,229	6,118	206	1,782	21
691	2,250	3,798	628	4,054	8,830	2,586	1,029	4,135	1,080	9,282	1,179	6,157	205	1,741	28
															Outside New York City
															1975
1,707	3,139	32,218	713	15,592	20,019	3,980	3,366	10,274	2,399	52,192	4,740	35,350	1,928	10,174	Jan. 8
1,574	3,098	32,124	617	15,298	19,812	3,820	3,406	10,258	2,328	52,171	4,758	35,203	1,939	10,271	15
1,597	2,954	32,034	635	15,034	19,082	3,118	3,407	10,243	2,314	51,604	4,581	34,927	1,932	10,164	22
1,592	2,870	32,005	724	14,945	18,508	2,790	3,330	10,118	2,270	51,303	4,552	34,829	1,938	9,984	29
1,450	3,367	32,090	937	14,289	29,408	8,534	5,686	12,976	2,212	51,300	5,465	34,143	1,865	9,827	Dec. 3
1,372	3,432	32,163	988	14,091	30,797	9,943	5,742	12,928	2,184	51,643	5,760	34,256	1,839	9,788	10
1,269	3,412	32,306	1,011	14,599	31,792	10,992	5,711	12,930	2,159	51,489	5,494	34,239	1,841	9,915	17
1,395	3,423	32,437	951	14,893	31,345	10,696	5,773	12,737	2,139	51,447	5,417	34,198	1,844	9,988	24
1,399	3,404	32,497	959	14,855	31,686	10,614	5,871	13,123	2,078	51,337	5,371	34,114	1,812	10,040	31
															1976
1,283	3,220	31,668	1,015	14,491	31,846	10,744	5,689	13,442	1,971	50,760	5,179	33,518	2,113	9,950	Jan. 7
1,256	3,085	31,632	1,027	14,471	32,308	11,175	5,784	13,360	1,989	50,480	5,058	33,448	2,069	9,905	14
1,226	2,978	31,572	1,104	14,212	31,659	10,824	5,737	13,205	1,893	50,082	4,965	33,289	2,045	9,783	21
1,266	2,964	31,566	1,146	14,063	31,678	10,437	5,756	13,371	2,114	49,997	4,923	33,268	2,036	9,770	28

For notes see p. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Wednesday	Cash items in process of collection	Reserves with F.R. Banks	Currency and coin	Balances with domestic banks	Investments in subsidiaries not consolidated	Other assets	Total assets/total liabilities	Deposits: Demand: Total 6	Deposits: Demand: IPC	Deposits: Demand: States and political subdivisions	Deposits: Demand: U.S. Govt.	Deposits: Demand: Domestic interbank: Commercial	Deposits: Demand: Domestic interbank: Mutual savings	Deposits: Demand: Foreign govts., etc.[2]
Large banks - Total														
1975														
Jan. 8	32,438	21,304	5.042	12,079	1,661	31,907	512,029	164.446	117,693	6,409	1,571	24,797	834	1,415
15	34,809	25,141	4.910	11,745	1,694	32,129	513,281	165,874	118,990	6,474	1,656	23,843	745	1,369
22	30,355	29,437	4,884	10,844	1,686	32,674	505,671	155,438	112,595	6,108	2,601	21,054	677	1,315
29	28,271	23,492	4,888	10,774	1,666	32,897	495,500	152,838	110,564	5,999	2,007	20,630	635	1,316
Dec. 3	36,107	21,071	5,068	12,408	1,853	37,715	511,325	167,015	121,317	5,860	2,425	24,163	728	1,208
10	31,970	20,859	5,356	13,551	1,827	38,574	511,117	164,838	120,771	6,058	1,518	23,731	680	1,151
17	37,380	19,317	5,403	13,465	1,823	37,470	517,242	171,910	124,551	6,242	3,053	24,514	634	1,144
24	36,815	22,095	5,003	12,853	1,904	38,367	518,556	168,253	123,657	6,630	1,489	23,535	642	1,230
31	41,342	19,587	5,497	15,249	1,919	39,740	527,387	184,174	132,245	6,967	1,386	29,322	893	1,563
1976														
Jan. 7	35,740	23,061	5,537	14,291	1,927	39,669	523,007	173,781	124,484	6,486	2,865	26,624	863	1,410
14	35,063	21,175	5,553	13,188	1,922	40,433	518,392	168,445	124,486	6,087	1,433	23,575	770	1,053
21	34,174	22,202	5,363	12,446	1,966	38,931	509,806	164,974	119,615	6,137	2,879	23,039	742	1,128
28	31,596	22,955	5,328	13,277	1,920	39,566	507,963	159,736	116,777	6,085	2.037	22,304	682	990
New York City														
1975														
Jan. 8	10,970	6,357	576	4,813	756	11,145	128,828	46.839	26,020	322	155	12,073	463	1,092
15	12,906	7,653	568	5.264	758	11,341	131,898	48,942	26,696	410	252	12,347	416	1,112
22	11,156	9,385	544	4,605	757	11,495	128,130	44,411	25,238	287	489	10,308	375	1,102
29	10,963	6,189	550	4,626	764	11,783	124,544	44,729	25,164	338	332	10,226	355	1,109
Dec. 3	11,366	6,975	629	5.096	818	11,555	124,187	45,389	26,023	211	488	10,885	359	980
10	9,938	5,916	625	6,071	819	12,287	123,687	44,914	25,734	263	234	11,300	344	960
17	12,766	5,348	661	5.406	817	11,067	125,593	47,759	27,632	299	267	11,677	296	936
24	12,049	5,897	594	4.945	819	11.458	125,546	45,808	26,911	470	183	10,778	320	1,002
31	13,628	3,151	674	6,813	845	12,340	127,461	52,710	29,733	586	109	14,089	482	1,308
1976														
Jan. 7	12,007	8,367	867	5.838	849	13,070	133,525	50,246	28,531	510	553	13,109	507	1,149
14	12,388	7,028	858	5.687	846	13,624	132,339	48,951	29,432	562	153	11,423	444	838
21	12,516	6,271	829	5.272	846	12,277	128,512	48,519	28,104	619	545	11,323	410	905
28	12,191	6,583	811	5.867	844	12,629	128,918	47,731	28,244	584	335	11,383	370	773
Outside New York City														
1975														
Jan. 8	21,468	14,947	4,466	7,266	905	20,762	383,201	117,607	91,673	6,087	1.416	12,724	371	323
15	21,903	17,488	4,342	6,481	936	20,788	381,383	116,932	92,294	6,064	1,404	11,496	329	257
22	19,199	20,052	4,340	6,239	929	21,179	377,541	111,027	87,357	5.821	2,112	10,746	302	213
29	17,308	17,303	4.338	6,148	902	21.114	370,956	108,109	85,400	5,661	1,675	10,404	280	207
Dec. 3	24,741	14,096	4,439	7,312	1,035	26,160	387.138	121,626	95,294	5,649	1,937	13,278	369	228
10	22,032	14,943	4,731	7,480	1,008	26,287	387,430	119,924	95,037	5,795	1,284	12,431	336	191
17	24,614	13,969	4,742	8,059	1,006	26,403	391,649	124,151	96,919	5,943	2,786	12.837	338	208
24	24,766	16,198	4,409	7,908	1,085	26,909	393,010	122,445	96,746	6,160	1.306	12.757	322	228
31	27,714	16,436	4,823	8,436	1,074	27,400	399,926	131,464	102,512	6,381	1.277	15,233	411	255
1976														
Jan. 7	23,733	14,694	4,670	8.453	1,078	26,599	389,482	123,535	95,953	5,976	2.312	13,515	356	261
14	22,675	14,147	4,695	7.501	1,076	26,809	386,053	119,494	95,054	5,525	1,280	12,152	326	215
21	21,658	15,931	4,534	7,174	1,120	26,654	381,294	116,455	91,511	5,518	2,334	11,716	332	223
28	19,405	16,372	4,517	7,410	1,076	26,937	379,045	112,005	88,533	5,501	1,702	10,921	312	217

For notes see p. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Deposits (cont.): Demand (cont.): Foreign commercial banks	Deposits (cont.): Demand (cont.): Certified and officers' checks	Deposits (cont.): Time and savings: Total[6]	Time and savings: IPC: Savings	Time and savings: IPC: Other	Time and savings: States and political subdivisions	Time and savings: Domestic interbank	Time and savings: Foreign govts.[2]	Federal funds purchased, etc.[7]	Borrowings from: F.R. Banks	Borrowings from: Other	Other liabilities, etc.[8]	Reserves for: Loans	Reserves for: Securities	Total capital accounts	Wednesday
															Large banks Total
															1975
5,397	6,330	228,213	58,672	122,069	25,633	8,239	11,541	51,889	17	4,051	23,844	5,269	62	34,238	Jan. 8
5,535	7,262	227,145	58,606	121,434	25,249	8,174	11,498	48,885	2,771	4,124	24,908	5,305	61	34,208	15
4,968	6,120	227,222	58,658	120,898	25,307	8,630	11,646	52,805	2,271	4,100	24,221	5,429	73	34,112	22
5,200	6,487	226,719	58,740	120,978	25,106	8,241	11,581	48,421	46	4,005	23,762	5,448	60	34,201	29
4,901	6,413	225,877	67,550	116,064	21,487	8,146	11,400	48,467	26	4,203	23,416	5,820	71	36,430	Dec. 3
5,061	5,868	226,082	67,749	116,119	21,577	8,212	11,194	49,308	1	4,367	24,154	5,878	71	36,418	10
4,774	6,998	226,181	67,838	115,550	21,951	8,271	11,270	47,821	22	4,411	24,701	5,830	71	36,295	17
5,031	6,039	227,406	67,947	116,009	22,343	8,441	11,216	50,309	1,214	4,472	24,705	5,720	82	36,395	24
5,596	6,202	227,729	68,445	115,961	22,228	8,502	11,164	44,074	143	4,332	24,727	5,582	82	36,544	31
															1976
4,812	6,237	226,840	69,891	113,928	22,524	8,071	11,044	52,383	....	3,966	23,678	5,479	71	36,809	Jan. 7
4,794	6,247	226,521	70,627	113,220	22,668	7,918	10,539	53,813	6	3,718	23,592	5,445	71	36,781	14
5,026	6,408	225,389	71,670	111,619	22,484	7,826	10,315	49,716	799	3,413	23,106	5,430	71	36,908	21
4,751	6,110	225,345	72,442	111,138	22,348	7,808	10,138	53,770	77	3,530	23,053	5,417	74	36,961	28
															New York City
															1975
3,988	2,726	49,187	5,082	29,402	1,651	4,409	7,167	12,750	....	1,385	8,261	1,487	....	8,919	Jan. 8
4,093	3,616	48,636	5,090	28,966	1,599	4,314	7,120	11,341	1,440	1,566	9,580	1,485	....	8,908	15
3,691	2,921	48,216	5,095	28,680	1,536	4,302	7,075	13,712	1,445	1,562	8,384	1,524	....	8,876	22
3,785	3,420	48,060	5,101	28,567	1,524	4,181	7,168	11,653	....	1,526	8,160	1,520	....	8,896	29
3,487	2,956	44,315	5,860	25,869	1,070	3,166	7,561	12,506	....	2,291	8,146	1,679	1	9,860	Dec. 3
3,612	2,467	43,872	5,883	25,617	1,077	3,096	7,397	12,344	....	2,453	8,505	1,717	1	9,881	10
3,248	3,404	43,441	5,918	25,330	980	3,118	7,212	11,049	....	2,534	9,256	1,690	1	9,863	17
3,528	2,616	43,617	5,927	25,471	951	3,147	7,163	11,985	983	2,616	8,984	1,684	1	9,868	24
3,912	2,491	43,140	5,981	25,142	847	3,136	7,061	8,591	....	2,583	8,905	1,613	1	9,918	31
															1976
3,340	2,547	46,104	7,988	25,518	1,447	3,036	7,159	14,297	....	2,054	8,806	1,693	1	10,324	Jan. 7
3,364	2,735	45,811	8,079	25,277	1,390	3,043	7,022	14,710	....	1,904	8,943	1,691	1	10,328	14
3,504	3,109	45,041	8,191	24,612	1,369	3,059	6,869	12,165	195	1,682	8,924	1,628	1	10,357	21
3,370	2,672	44,719	8,320	24,378	1,329	3,094	6,660	13,732	70	1,838	8,818	1,630	1	10,379	28
															Outside New York City
															1975
1,409	3,604	179,026	53,590	92,667	23,982	3,830	4,374	39,139	17	2,666	15,583	3,782	62	25,319	Jan. 8
1,442	3,646	178,509	53,516	92,468	23,650	3,860	4,378	37,544	1,331	2,558	15,328	3,820	61	25,300	15
1,277	3,199	179,006	53,563	92,218	23,771	4,328	4,571	39,093	826	2,538	15,837	3,905	73	25,236	22
1,415	3,067	178,659	53,639	92,411	23,582	4,060	4,413	36,768	46	2,479	15,602	3,928	60	25,305	29
1,414	3,457	181,562	61,690	90,195	20,417	4,980	3,839	35,961	26	1,912	15,270	4,141	70	26,570	Dec. 3
1,449	3,401	182,210	61,866	90,502	20,500	5,116	3,797	36,964	1	1,914	15,649	4,161	70	26,537	10
1,526	3,594	182,740	61,920	90,220	20,971	5,153	4,058	36,772	22	1,877	15,445	4,140	70	26,432	17
1,503	3,423	183,789	62,020	90,538	21,392	5,294	4,053	38,324	231	1,856	15,721	4,036	81	26,527	24
1,684	3,711	184,589	62,464	90,819	21,381	5,366	4,103	35,483	143	1,749	15,822	3,969	81	26,626	31
															1976
1,472	3,690	180,736	61,903	88,410	21,077	5,035	3,885	38,086	....	1,912	14,872	3,786	70	26,485	Jan. 7
1,430	3,512	180,710	62,548	87,943	21,278	4,875	3,517	39,103	6	1,814	14,649	3,754	70	26,453	14
1,522	3,299	180,348	63,479	87,007	21,115	4,767	3,446	37,551	604	1,731	14,182	3,802	70	26,551	21
1,381	3,438	180,626	64,122	86,760	21,019	4,714	3,478	40,038	7	1,692	14,235	3,787	73	26,582	28

For notes see p. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Wednesday	Memoranda													
	Total loans (gross) adjusted[9]	Total loans and investments (gross) adjusted[9]	Demand deposits adjusted[10]	Large negotiable time CD's included in time and savings deposits[11]			All other large time deposits[12]			Savings ownership categories				Gross liabilities of banks to their foreign branches
				Total	Issued to IPC's	Issued to others	Total	Issued to IPC's	Issued to others	Individuals and nonprofit organizations	Partnerships and corporations for profit[13]	Domestic governmental units	All other[14]	
Large banks—Total														
1975														
Jan. 8	301,652	389,345	105,640	92,483	64,160	28,323	37,752	20,670	17,082	58,673	......	......	......	2,821
15	298,164	385,063	105,566	91,626	63,396	28,230	37,721	20,635	17,086	58,611	......	......	......	3,451
22	293,140	378,266	101,428	91,620	62,908	28,712	37,821	20,713	17,108	58,656	......	......	......	2,170
29	292,501	376,525	101,930	91,265	62,692	28,573	37,533	20,867	16,666	58,741	......	......	......	2,061
Dec. 3	282,104	380,373	104,320	83.597	56,615	26,982	32,557	18,336	14,221	66,686	548	243	73	2,911
10	282,484	382,406	107,619	83,623	56,687	26,936	32,446	18,251	14,195	66,708	674	288	79	3,298
17	284,858	385,686	106,963	83,316	56,224	27,092	32,718	18,051	14,667	66,725	765	274	74	5,162
24	284,474	384,408	106,414	83,545	56,389	27,156	33,366	18,115	15,251	66,775	859	251	62	4,136
31	285,499	385,844	112,124	83,088	56,037	27,051	33,382	18,245	15,137	67,225	905	252	63	4,066
1976														
Jan. 7	283,461	384,430	108,552	80,060	53,767	26,293	33,774	18,181	15,593	68,508	986	336	61	3,401
14	280,298	381,612	108,374	78,753	53,012	25,741	33,982	17,995	15,987	69,005	1,141	417	64	3,350
21	278,548	377,928	104,882	77,010	51,582	25,428	33,932	18,291	15,641	69,779	1,347	484	60	3,449
28	275,812	375,599	103,799	75,866	50,984	24,882	32,552	17,159	15,393	70,301	1,516	563	62	3,118
New York City														
1975														
Jan. 8	75,808	91,290	23,641	32,161	21,497	10,664	9,466	5,644	3,822	5,082	......	......	......	1,268
15	74,565	89,481	23,437	31,524	21,014	10,510	9,547	5,675	3,872	5,090	......	......	......	2,124
22	72,390	86,830	22,458	31,218	20,827	10,391	9,408	5,560	3,848	5,095	......	......	......	1,323
29	72,134	86,347	23,208	31,106	20,703	10,403	9,386	5,582	3,804	5,101	......	......	......	1,080
Dec. 3	68,621	86,182	22,650	29,267	18,977	10,290	6,914	4,637	2,277	5,777	17	24	42	2,161
10	68,631	86,113	23,442	28,872	18,738	10,134	6,839	4,623	2,216	5,772	23	41	47	2,311
17	69,776	87,323	23,049	28,375	18,382	9,993	6,814	4,628	2,186	5,817	28	33	40	4,072
24	69,719	86,861	22,798	28,556	18,604	9,952	6,730	4,478	2,252	5,826	32	28	41	3,218
31	69,695	87,017	24,884	27,957	18,146	9,811	6,779	4,590	2,189	5,879	35	26	41	3,169
1976														
Jan. 7	72,761	91,124	24,577	27,175	17,414	9,761	7,557	4,910	2,647	7,832	50	63	43	2,507
14	71,232	89,758	24,987	26,729	17,118	9,611	7,586	4,783	2,803	7,851	62	120	46	2,672
21	70,805	88,444	24,135	26,073	16,588	9,485	7,985	5,285	2,700	7,940	83	126	42	2,598
28	69,413	87,525	23,822	25,864	16,458	9,406	6,971	4,394	2,577	8,036	99	144	41	2,309
Outside New York City														
1975														
Jan. 8	255,844	298,055	81,999	60,322	42,663	17,659	28,286	15,026	13,260	53,591	......	......	......	1,553
15	223,599	295,582	82,129	60,102	42,382	17,720	28,174	14,960	13,214	53,521	......	......	......	1,327
22	220,750	291,436	78,970	60,402	42,081	18,321	28,413	15,153	13,260	53,561	......	......	......	847
29	220,367	290,178	78,722	60,159	41,989	18,170	28,147	15,285	12,862	53,640	......	......	......	981
Dec. 3	213,483	294,191	81,670	54,330	37,638	16,692	25,643	13,699	11,944	60,909	531	219	31	750
10	213,853	296,293	84,177	54,751	37,949	16,802	25,607	13,628	11,979	60,936	651	247	32	987
17	215,082	298,363	83,914	54,941	37,842	17,099	25,904	13,423	12,481	60,908	737	241	34	1,090
24	214,755	297,547	83,616	54,989	37,785	17,204	26,636	13,637	12,999	60,949	827	223	21	918
31	215,804	298,827	87,240	55,131	37,891	17,240	26,603	13,655	12,948	61,346	870	226	22	897
1976														
Jan. 7	210,700	293,306	83,975	52,885	36,353	16,532	26,217	13,271	12,946	60,676	936	273	18	894
14	209,066	291,854	83,387	52,024	35,894	16,130	26,396	13,212	13,184	61,154	1,079	297	18	678
21	207,743	289,484	80,747	50,937	34,994	15,943	25,947	13,006	12,941	61,839	1,264	358	18	851
28	206,399	288,074	79,977	50,002	34,526	15,476	25,581	12,765	12,816	62,265	1,417	419	21	809

▲ See p. A-18.
1 *Includes securities purchased under agreements to resell.*
2 Includes official institutions and so forth.
3 Includes short-term notes and bills.
4 Federal agencies only.
5 Includes corporate stocks.
6 Includes U.S. Govt. and foreign bank deposits, not shown separately.
7 Includes securities sold under agreements to repurchase.
8 Includes minority interest in consolidated subsidiaries.
9 Exclusive of loans and Federal funds transactions with domestic commercial banks.
10 All demand deposits except U.S. Govt. and domestic commercial banks, *less cash items in process of collection.*
11 Certificates of deposit issued in denominations of $100,000 or more.
12 All other time deposits issued in denominations of $100,000 or more (not included in large negotiable CD's).
13 Other than commercial banks.
14 Domestic and foreign commercial banks, and official international organizations.

COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding					Net change during—							
	1976				1975	1975			1975			1975	
	Jan. 28	Jan. 21	Jan. 14	Jan. 6	Dec. 31	Jan.	Dec.	Nov.	IV	III	II	2nd half	1st half
Durable goods manufacturing:													
Primary metals	2,043	2,040	2,065	2,069	2,072	−29	18	75	62	−13	−23	49	18
Machinery	5,545	5,596	5,636	5,686	5,757	−212	−88	−221	783	−887	−642	−1,670	−1,314
Transportation equipment	3,188	3,227	3,204	3,097	3,056	132	−216	122	−256	−198	−296	−454	−302
Other fabricated metal products	2,016	2,017	2,005	2,015	1,974	42	−130	−168	−472	−277	−211	−749	−188
Other durable goods	3,605	3,614	3,610	3,593	3,453	152	−151	−155	−514	−174	−316	−688	−718
Nondurable goods manufacturing:													
Food, liquor, and tobacco	3,556	3,584	3,597	3,702	3,784	−228	245	170	459	13	−519	472	−1,609
Textiles, apparel, and leather	2,684	2,690	2,706	2,730	2,691	−7	−185	−80	−477	−55	−148	−532	−287
Petroleum refining	2,353	2,306	2,327	2,415	2,365	−12	−144	−51	−231	118	283	−113	228
Chemicals and rubber	2,592	2,584	2,617	2,653	2,691	−99	40	−169	−178	−253	−321	−431	−260
Other nondurable goods	1,889	1,890	1,877	1,890	1,805	84	−60	−73	−270	−148	10	−418	−283
Mining, including crude petroleum and natural gas	5,992	5,974	5,935	5,940	5,953	39	691	−39	789	285	109	1,074	−158
Trade: Commodity dealers	1,615	1,699	1,660	1,587	1,581	34	37	170	339	137	−328	476	−972
Other wholesale	5,438	5,463	5,479	5,495	5,444	−6	−70	−67	−98	−78	−534	−176	−1,108
Retail	5,752	5,658	5,686	5,670	5,791	−39	−593	13	−208	−310	−212	−518	−398
Transportation	5,953	6,001	6,020	5,969	6,074	−121	155	−46	133	−122	−142	11	−323
Communication	1,876	1,928	1,951	2,095	1,984	−108	−1	−34	−49	−111	17	−160	−355
Other public utilities	6,696	6,932	6,951	7,000	6,995	−299	64	35	31	−231	−404	−200	−1,423
Construction	5,053	5,079	5,107	5,124	5,134	−81	−116	−145	−370	57	−77	−427	−622
Services	10,748	10,747	10,760	10,815	10,820	−72	263	59	281	−295	−388	−14	−1,120
All other domestic loans	*9,618*	*9,709*	*10,002*	*9,897*	*10,387*	*−769*	*866*	*190*	*612*	*15*	*−65*	*627*	*−372*
Bankers acceptances	3,685	3,855	3,871	4,524	4,945	−1,260	928	1,395	2,855	−170	28	2,685	599
Foreign commercial and industrial loans	5,425	5,409	5,417	5,504	5,288	137	154	87	222	535	233	757	294
Total classified loans	97,322	98,002	98,483	99,470	100,044	−2,722	1,707	1,068	1,877	−2,276	−3,946	−399	−10,673
Comm. paper included in total classified loans	*401*	....	....	....	*437*	*−36*	*254*	*−33*	*153*	*44*	*−9*	*197*	*240*
Total commercial and industrial loans of large commercial banks	117,095	118,028	118,653	119,529	121,017	−3,922	1,861	961	2,011	−2,879	−3,845	−868	−10,081

For notes see table below.

"TERM" COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding									Net change during—				
	1976	1975								1975				
	Jan. 28	Dec. 31	Nov. 26	Oct. 29	Sept. 24	Aug. 27	July 30	June 25	May 28	IV	III	II	I	2nd half
Durable goods manufacturing:														
Primary metals	1,341	1,372	1,381	1,320	1,338	1,286	1,269	1,288	1,280	34	50	4	74	85
Machinery	3,117	3,313	3,451	3,538	3,737	3,825	3,864	3,977	4,269	−424	−240	−94	−74	−664
Transportation equipment	1,686	1,615	1,727	1,624	1,693	1,722	1,725	1,740	1,726	−78	−47	68	−1	−117
Other fabricated metal products	1,041	1,024	1,087	1,175	1,268	1,228	1,196	1,222	1,245	−244	46	−90	115	−187
Other durable goods	1,874	1,823	1,905	1,950	2,012	2,042	2,058	2,090	2,122	−189	−78	−161	−140	−272
Nondurable goods manufacturing:														
Food, liquor, and tobacco	1,547	1,578	1,544	1,451	1,471	1,461	1,440	1,514	1,616	107	−43	−47	−202	58
Textiles, apparel, and leather	1,032	995	1,072	1,074	1,103	1,077	1,116	1,095	1,075	−108	8	−63	13	−103
Petroleum refining	1,859	1,831	1,860	1,914	1,967	1,889	1,828	1,709	1,611	−136	258	226	−35	123
Chemicals and rubber	1,588	1,622	1,549	1,605	1,665	1,645	1,678	1,762	1,784	−43	−97	−84	−32	−140
Other nondurable goods	925	888	955	995	1,056	1,023	1,085	1,143	1,114	−168	−87	13	−105	−255
Mining, including crude petroleum and natural gas	4,528	4,484	3,867	3,896	3,847	3,754	3,801	3,734	3,646	637	113	197	−164	703
Trade: Commodity dealers	196	172	168	162	150	148	152	148	140	22	2	−2	−5	24
Other wholesale	1,290	1,276	1,308	1,403	1,319	1,371	1,344	1,329	1,344	−43	−10	−121	−42	−62
Retail	2,007	1,996	2,115	2,150	2,153	2,139	2,111	2,136	2,143	−157	17	−147	−311	−150
Transportation	4,291	4,390	4,324	4,420	4,391	4,405	4,399	4,425	4,424	−1	−34	−99	−26	10
Communication	1,101	1,081	1,112	1,122	1,132	1,149	1,136	1,133	1,159	−51	−1	−2	53	−56
Other public utilities	3,995	3,979	3,942	4,027	3,966	3,902	4,018	4,045	4,047	13	−79	11	71	−60
Construction	2,258	2,181	2,207	2,267	2,359	2,367	2,360	2,314	2,291	−178	45	117	−97	−149
Services	5,038	5,135	5,082	5,097	5,122	5,010	5,155	5,140	5,246	13	−18	−290	−102	−31
All other domestic loans	3,396	3,299	3,116	3,054	3,244	3,257	3,232	3,258	3,186	55	−14	176	−142	49
Foreign commercial and industrial loans	2,999	2,921	2,851	2,834	2,763	2,695	2,676	2,594	2,547	158	169	66	71	304
Total loans	47,109	46,975	46,623	47,078	47,756	47,395	47,643	47,796	48,015	−781	−40	−322	−1,081	−890

NOTE.—About 160 weekly reporting banks are included in this series; these banks classify by industry, commercial and industrial loans amounting to about 90 per cent of such loans held by all weekly reporting banks and about 70 per cent of those held by all commercial banks.

For description of series see article "Revised Series on Commercial and Industrial Loans by Industry," Feb. 1967 BULLETIN, p. 209.

Commercial and industrial "term" loans are all outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

GROSS DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS[1]

(In billions of dollars)

Class of bank, and quarter or month	Type of holder					Total deposits, IPC
	Financial business	Nonfinancial business	Consumer	Foreign	All other	
All insured commercial banks:						
1970—Dec.	17.3	92.7	53.6	1.3	10.3	175.1
1971—Sept.	17.9	91.5	57.5	1.2	9.7	177.9
Dec.	18.5	98.4	58.6	1.3	10.7	187.5
1972—Mar.	20.2	92.6	54.7	1.4	12.3	181.2
June	17.9	97.6	60.5	1.4	11.0	188.4
Sept.	18.0	101.5	63.1	1.4	11.4	195.4
Dec.	18.9	109.9	65.4	1.5	12.3	208.0
1973—Mar.	18.6	102.8	65.1	1.7	11.8	200.0
June	18.6	106.6	67.3	2.0	11.8	206.3
Sept.	18.8	108.3	69.1	2.1	11.9	210.3
Dec.	19.1	116.2	70.1	2.4	12.4	220.1
1974—Mar.	18.9	108.4	70.6	2.3	11.0	211.2
June	18.2	112.1	71.4	2.2	11.1	215.0
Sept.	17.9	113.9	72.0	2.1	10.9	216.8
Dec.	19.0	118.8	73.3	2.3	11.7	225.0
1975—Mar.	18.6	111.3	73.2	2.3	10.9	216.3
June	19.4	115.1	74.8	2.3	10.6	222.2
Sept.	19.0	118.7	76.5	2.2	10.6	227.0
Dec.p	20.1	125.1	78.0	2.4	11.3	236.9
Weekly reporting banks:						
1971—Dec.	14.4	58.6	24.6	1.2	5.9	104.8
1972—Dec.	14.7	64.4	27.1	1.4	6.6	114.3
1973—Dec.	14.9	66.2	28.0	2.2	6.8	118.1
1974—Dec.	14.8	66.9	29.0	2.2	6.8	119.7
1975—Jan.	14.8	65.6	29.2	2.2	6.6	118.3
Feb.	14.4	63.1	27.9	2.3	6.2	113.9
Mar.	14.1	63.2	28.2	2.2	6.4	114.1
Apr.	15.0	63.3	30.1	2.2	6.5	117.0
May	14.2	63.1	29.2	2.3	6.2	115.0
June	15.1	65.1	29.5	2.2	6.2	118.1
July	15.0	65.3	29.8	2.2	6.5	118.7
Aug.	14.4	64.6	29.1	2.0	5.9	116.1
Sept.	14.7	65.5	29.6	2.1	6.2	118.1
Oct.	15.1	66.7	29.0	2.2	6.3	119.3
Nov.	15.4	68.1	29.4	2.2	6.4	121.6
Dec.p	15.6	69.9	29.9	2.3	6.6	124.4

[1] Including cash items in process of collection.

NOTE.—Daily-average balances maintained during month as estimated from reports supplied by a sample of commercial banks. For a detailed description of the type of depositor in each category, see June 1971 BULLETIN, p. 466.

DEPOSITS ACCUMULATED FOR PAYMENT OF PERSONAL LOANS

(In millions of dollars)

Class of bank	Dec. 31, 1973	Dec. 31, 1974	June 30, 1975	Sept. 30, 1975	Class of bank	Dec. 31, 1973	Dec. 31, 1974	June 30, 1975	Sept. 30, 1975
All commercial	507	389	338	....	All member—Cont.				
Insured	503	387	335	323	Other large banks[1]	58	69	74	74
National member	288	236	223	222	All other member[1]	294	206	186	183
State member	64	39	36	35	All nonmember	155	115	79	66
All member	352	275	260	257	Insured	152	112	76	66
					Noninsured	3	3	3	....

[1] Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand deposits of more than $400 million), as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Other large" and "All other member" parallel the previous "Reserve City" (other than in New York City and the City of Chicago) and "Country" categories, respectively (hence the series are continuous over time).

NOTE.—Hypothecated deposits, as shown in this table, are treated one way in monthly and weekly series for commercial banks and in another way in call-date series. That is, they are excluded from "Time deposits" and "Loans" in the monthly (and year-end) series as shown on p. A-14; from the figures for weekly reporting banks as shown on pp. A-18–A-22 (consumer instalment loans); and from the figures in the table at the bottom of p. A-13. But they are included in the figures for "Time deposits" and "Loans" for call dates as shown on pp. A-14–A-17.

LOANS SOLD OUTRIGHT BY LARGE COMMERCIAL BANKS

(Amounts outstanding; in millions of dollars)

Date	Total	To selected related institutions[1] By type of loan: Commercial and industrial	Real estate	All other
1975—Oct. 1	4,541	2,814	198	1,529
8	4,655	2,825	199	1,631
15	4,674	2,867	199	1,608
22	4,741	2,908	198	1,635
29	4,742	2,930	198	1,614
Nov. 5	4,771	2,893	197	1,681
12	4,716	2,869	205	1,642
19	4,740	2,877	205	1,658
26	4,701	2,846	205	1,650
Dec. 3	4,677	2,800	201	1,676
10	4,441	2,597	207	1,637
17	4,416	2,575	207	1,634
24	r4,486	2,650	204	r1,632
31	4,375	2,530	206	1,639
1976—Jan. 7	4,424	2,618	205	1,601
14	4,369	2,617	205	1,547
21	4,355	2,598	205	1,552
28	4,292	2,522	208	1,562

[1] To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank) and nonconsolidated nonbank subsidiaries of the holding company.

NOTE.—Series changed on Aug. 28, 1974. For a comparison of the old and new data for that date, see p. 741 of the Oct. 1974 BULLETIN. Revised figures received since Oct. 1974 that affect that comparison are shown in note 2 to this table in the Dec. 1974 BULLETIN, p. A-27.

COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

(In millions of dollars)

End of period	Commercial paper: All issuers	Financial companies[1]: Dealer-placed[2]	Financial companies[1]: Directly-placed[3]	Nonfinancial companies[4]	Bank-related[5]: Dealer-placed	Bank-related[5]: Directly-placed	Dollar acceptances: Total	Held by— Accepting banks: Total	Accepting banks: Own bills	Accepting banks: Bills bought	F.R. Banks: Own acct.	F.R. Banks: Foreign corr.[6]	Others	Based on— Imports into United States	Exports from United States	All other
1966	13,645	2,332	10,556	757	....	....	3,603	1,198	983	215	193	191	2,022	997	829	1,778
1967	17,085	2,790	12,184	2,111	....	....	4,317	1,906	1,447	459	164	156	2,090	1,086	989	2,241
1968	21,173	4,427	13,972	2,774	....	....	4,428	1,544	1,344	200	58	109	2,717	1,423	952	2,053
1969	32,600	6,503	20,741	5,356	1,160	3,134	5,451	1,567	1,318	249	64	146	3,674	1,889	1,153	2,408
1970	33,071	5,514	20,424	7,133	352	1,997	7,058	2,694	1,960	735	57	250	4,057	2,601	1,561	2,895
1971	32,126	5,297	20,582	6,247	524	1,449	7,889	3,480	2,689	791	261	254	3,894	2,834	1,546	3,509
1972	34,721	5,655	22,098	6,968	1,226	1,411	6,898	2,706	2,006	700	106	179	3,907	2,531	1,909	2,458
1973	41,073	5,487	27,204	8,382	1,938	2,943	8,892	2,837	2,318	519	68	581	5,406	2,273	3,499	3,120
1974—Nov.	51,954	4,860	32,562	14,532	1,875	6,769	17,553	3,789	3,290	499	611	1,756	11,398	3,810	3,709	10,035
Dec.	49,144	4,611	31,839	12,694	1,800	6,518	18,484	4,226	4,685	542	999	1,109	12,150	4,023	4,067	10,394
1975—Jan.	51,675	5,029	31,998	14,648	1,799	6,774	18,602	4,357	3,903	454	966	560	12,718	4,120	4,314	10,168
Feb.	52,403	5,167	32,504	14,732	1,778	7,305	18,579	4,864	4,370	494	993	325	12,398	3,974	4,210	10,396
Mar.	50,811	5,342	31,205	14,264	1,673	7,256	18,730	4,773	4,085	688	665	263	13,029	3,845	4,296	10,589
Apr.	51,605	5,461	32,126	14,018	1,601	6,984	18,727	4,485	3,900	585	1,185	235	13,034	3,690	4,206	10,831
May	51,297	5,889	32,801	12,607	1,529	7,075	18,108	4,450	3,892	558	865	234	12,559	3,665	4,186	10,257
June	48,742	5,604	31,093	12,045	1,547	7,207	17,740	4,774	4,224	550	682	319	11,965	3,466	4,080	10,193
July	49,331	6,018	31,241	12,072	1,635	7,016	16,930	4,778	4,275	503	685	329	11,138	3,474	3,865	9,591
Aug.	49,783	5,645	32,145	11,993	1,493	7,365	16,456	4,546	3,988	558	840	304	r10,766	3,305	3,806	9,344
Sept.	48,246	5,574	30,485	12,187	1,514	7,306	16,790	5,002	4,190	812	948	302	10,538	3,313	3,783	9,693
Oct.	50,437	6,360	32,351	11,726	1,590	7,157	17,304	5,013	4,288	924	1,047	284	10,760	3,467	3,947	9,890
Nov.	49,557	6,389	32,048	11,120	1,671	7,019	17,875	6,497	5,684	813	727	279	10,372	3,545	3,888	10,443

[1] Financial companies are institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

[2] As reported by dealers; includes all financial company paper sold in the open market.

[3] As reported by financial companies that place their paper directly with investors.

[4] Nonfinancial companies include public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

[5] Included in dealer- and directly-placed financial company columns. Coverage of bank-related companies was expanded in Aug. 1974. Most of the increase resulting from this expanded coverage occurred in directly-placed paper.

[6] Beginning November 1974, the Board of Governors terminated the System guarantee on acceptances purchased for foreign official accounts.

PRIME RATE CHARGED BY BANKS

(Per cent per annum)

Effective date	Rate	Effective date	Rate	Effective date	Rate	Monthly average rate	
1974—Apr. 11	10	1975—Jan. 9	10¼	1975—July 18	7¼	1974—Oct.	11.68
19	10¼	15	10	28	7½	Nov.	10.83
25	10½	20	9¾	Aug. 12	7¾	Dec.	10.50
May 2	10¾	28	9½	Sept. 15	8	1975—Jan.	10.05
6	11	Feb. 3	9¼	Oct. 27	7¾	Feb.	8.96
10	11¼	10	9	Nov. 5	7½	Mar.	7.93
17	11½	18	8¾	Dec. 2	7¼	Apr.	7.50
June 26	11¾	24	8½	1976—Jan. 12	7	May	7.40
July 5	12	Mar. 5	8¼	21	6¾	June	7.07
Oct. 7	11¾	10	8			July	7.15
21	11½	18	7¾			Aug.	7.66
28	11¼	24	7½			Sept.	7.88
Nov. 4	11	May 20	7¼			Oct.	7.96
14	10¾	June 9	7			Nov.	7.53
25	10½					Dec.	7.26
						1976—Jan.	7.00

NOTE.—Beginning Nov. 1971, several banks adopted a floating prime rate keyed to money market variables. Rate shown is the predominant prime rate quoted by a majority of large "money market" banks to large businesses.

Effective Apr. 16, 1973, with the adoption of a two-tier or "dual prime rate," this table shows only the "large-business prime rate," which is the range of rates charged by commercial banks on short-term loans to large businesses with the highest credit standing.

RATES ON BUSINESS LOANS OF BANKS

Center	All sizes		Size of loan (in thousands of dollars): 1–9		10–99		100–499		500–999		1,000 and over	
	Nov. 1975	Aug. 1975	Nov. 1975	Aug. 1975	Nov. 1975	Aug. 1975	Nov. 1975	Aug. 1975	Nov. 1975	Aug. 1975	Nov. 1975	Aug. 1975
	Short-term											
35 centers	8.29	8.22	9.56	9.42	9.15	9.02	8.62	8.48	8.38	8.29	8.04	8.00
New York City	7.99	8.00	9.34	9.28	8.98	8.89	8.52	8.44	8.17	7.93	7.87	7.93
7 Other Northeast	8.53	8.43	10.01	9.83	9.36	9.33	8.83	8.71	8.61	8.67	8.15	8.01
8 North Central	8.15	8.12	9.13	9.01	8.97	8.79	8.51	8.39	8.27	8.25	7.91	7.94
7 Southeast	8.70	8.41	9.68	9.58	9.39	9.21	8.74	8.57	8.62	8.32	8.36	7.94
8 Southwest	8.37	8.28	9.38	9.21	8.94	8.76	8.44	8.27	8.18	8.32	8.15	8.06
4 West Coast	8.67	8.45	9.73	9.67	9.29	9.21	8.77	8.51	8.76	8.28	8.56	8.37
	Revolving credit											
35 centers	8.26	8.17	9.93	9.73	9.15	9.06	8.59	8.45	8.41	8.68	8.20	8.07
New York City	8.08	8.37	9.01	8.91	8.90	8.94	8.54	8.41	8.44	8.30	8.03	8.37
7 Other Northeast	8.63	8.09	10.38	10.11	8.91	9.01	8.09	8.01	8.19	8.78	8.72	7.98
8 North Central	8.62	8.27	10.11	9.70	9.57	9.58	9.34	8.81	8.65	8.56	8.49	8.12
7 Southeast	9.50	7.82	10.12	10.07	9.53	9.47	8.74	8.35	8.30	7.50	10.12	7.50
8 Southwest	8.51	8.41	9.18	9.36	9.15	8.88	8.62	8.46	8.49	8.11	8.42	8.49
4 West Coast	8.15	8.02	9.71	9.27	8.99	8.84	8.34	8.39	8.32	9.10	8.09	7.83
	Long-term											
35 centers	8.88	8.89	9.76	9.45	9.18	9.47	9.11	9.01	9.16	8.54	8.79	8.89
New York City	8.44	8.77	7.37	8.80	9.09	8.53	9.13	8.86	9.46	8.01	8.32	8.80
7 Other Northeast	9.10	8.96	9.84	9.35	9.39	10.09	9.02	9.56	8.02	9.28	9.33	8.60
8 North Central	9.03	9.45	9.71	9.71	8.55	9.24	8.94	8.50	9.90	8.23	8.97	9.81
7 Southeast	8.87	8.91	7.82	8.87	8.84	9.66	9.06	9.54	9.36	8.04	8.54	8.30
8 Southwest	8.88	8.41	11.60	9.69	9.44	9.38	9.39	8.67	8.97	8.62	8.65	8.18
4 West Coast	9.27	8.57	9.90	9.60	9.90	9.24	9.32	9.28	9.49	8.47	9.21	8.47

MONEY MARKET RATES

(Per cent per annum)

Period	Prime commercial paper[1]		Finance co. paper placed directly, 3 to 6 months[2]	Prime bankers' acceptances, 90 days[3]	Federal funds rate[4]	U.S. Government securities[5]						
						3-month bills[6]		6-month bills[6]		9- to 12-month issues		3- to 5-year issues[7]
	90–119 days	4 to 6 months				Rate on new issue	Market yield	Rate on new issue	Market yield	1-year bill (market yield)[6]	Other[7]	
1967	....	5.10	4.89	4.75	4.22	4.321	4.29	4.630	4.61	4.71	4.84	5.07
1968	....	5.90	5.69	5.75	5.66	5.339	5.34	5.470	5.47	5.46	5.62	5.59
1969	....	7.83	7.16	7.61	8.21	6.677	6.67	6.853	6.86	6.79	7.06	6.85
1970	....	7.72	7.23	7.31	7.17	6.458	6.39	6.562	6.51	6.49	6.90	7.37
1971	....	5.11	4.91	4.85	4.66	4.348	4.33	4.511	4.52	4.67	4.75	5.77
1972	4.66	4.69	4.52	4.47	4.44	4.071	4.07	4.466	4.49	4.77	4.86	5.85
1973	8.20	8.15	7.40	8.08	8.74	7.041	7.03	7.178	7.20	7.01	7.30	6.92
1974	10.05	9.87	8.62	9.92	10.51	7.886	7.84	7.926	7.95	7.71	8.25	7.81
1975	6.26	6.33	6.16	6.30	5.82	5.838	5.80	6.122	6.11	6.30	6.70	7.55
1975—Jan.	7.39	7.30	r7.35	7.54	7.13	6.493	6.26	6.525	6.36	6.27	6.74	7.29
Feb.	6.36	6.33	6.24	6.35	6.24	5.583	5.50	5.674	5.62	5.56	5.97	6.85
Mar.	6.06	6.06	6.00	6.22	5.54	5.544	5.49	5.635	5.62	5.70	6.10	7.00
Apr.	6.11	6.15	5.97	6.15	5.49	5.694	5.61	6.012	6.00	6.40	6.83	7.76
May	5.70	5.82	5.74	5.76	5.22	5.315	5.23	5.649	5.59	5.91	6.31	7.49
June	5.67	5.79	5.53	5.70	5.55	5.193	5.34	5.463	5.61	5.86	6.26	7.26
July	6.32	6.44	r6.02	6.40	6.10	6.164	6.13	6.492	6.50	6.64	7.07	7.72
Aug.	6.59	6.70	6.39	6.74	6.14	6.463	6.44	6.940	6.94	7.16	7.55	8.12
Sept.	6.79	6.86	6.53	6.83	6.24	6.383	6.42	6.870	6.92	7.20	7.54	8.22
Oct.	6.35	6.48	6.43	6.28	5.82	6.081	5.96	6.385	6.25	6.48	6.89	7.80
Nov.	5.78	5.91	5.79	5.79	5.22	5.468	5.48	5.751	5.80	6.07	6.40	7.51
Dec.	5.88	5.97	5.86	5.72	5.20	5.504	5.44	5.933	5.85	6.16	6.51	7.50
1976—Jan.	5.15	5.27	5.16	5.08	4.87	4.961	4.87	5.238	5.14	5.44	5.71	7.18
Week ending—												
1975—Oct. 4	6.85	6.93	6.70	6.79	6.36	6.547	6.46	6.980	6.91	7.16	7.61	8.21
11	6.70	6.88	6.75	6.59	6.06	6.239	6.23	6.571	6.53	6.74	7.20	7.97
18	6.44	6.59	6.56	6.38	5.82	6.045	6.01	6.243	6.25	6.51	6.88	7.87
25	6.08	6.23	6.23	6.04	5.73	5.887	5.73	6.156	6.06	6.29	6.66	7.67
Nov. 1	5.88	6.00	6.00	5.83	5.65	5.685	5.58	5.974	5.82	6.02	6.42	7.50
8	5.88	6.03	6.00	5.79	5.17	5.602	5.50	5.792	5.71	5.89	6.30	7.41
15	5.75	5.88	5.63	5.77	5.24	5.279	5.37	5.483	5.65	5.96	6.27	7.38
22	5.75	5.88	5.78	5.79	5.24	5.471	5.49	5.796	5.85	6.17	6.47	7.60
29	5.75	5.88	5.78	5.80	5.28	5.520	5.54	5.933	5.98	6.24	6.54	7.62
Dec. 6	5.85	5.98	5.88	5.80	5.25	5.550	5.57	5.995	6.04	6.30	6.65	7.59
13	5.98	6.03	5.95	5.81	5.26	5.633	5.60	6.144	6.06	6.43	6.79	7.67
20	5.95	6.03	5.95	5.72	5.17	5.491	5.44	5.914	5.85	6.20	6.54	7.50
27	5.84	5.94	5.75	5.65	5.18	5.340	5.28	5.678	5.60	5.91	6.25	7.37
1976—Jan. 3	5.69	5.81	5.69	5.52	5.18	5.208	5.19	5.507	5.49	5.77	6.11	7.28
10	5.33	5.40	5.33	5.25	5.12	5.226	5.07	5.521	5.32	5.58	5.91	7.20
17	5.10	5.23	5.13	5.04	4.76	4.826	4.84	5.066	5.11	5.41	5.68	7.14
24	5.10	5.21	5.10	5.01	4.81	4.783	4.78	5.046	5.06	5.37	5.65	7.18
31	5.00	5.13	5.00	4.94	4.80	4.763	4.72	5.052	5.00	5.32	5.53	7.16

1 Averages of the most representative daily offering rate quoted by dealers.

2 Averages of the most representative daily offering rate published by finance companies, for varying maturities in the 90–179 day range

3 Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

4 Seven-day averages of daily effective rates for week ending Wednesday. Since July 19, 1973, the daily effective Federal funds rate is an average of the rates on a given day weighted by the volume of transactions at these rates. Prior to this date, the daily effective rate was the rate considered most representative of the day's transactions, usually the one at which most transactions occurred.

5 Except for new bill issues, yields are averages computed from daily closing bid prices.

6 Bills quoted on bank-discount-rate basis.

7 Selected note and bond issues.

NOTE.—Figures for Treasury bills are the revised series described on p. A-35 of the Oct. 1972 BULLETIN.

BOND AND STOCK YIELDS

(Per cent per annum)

Period	Government bonds: United States (long-term)	Government bonds: State and local: Total[1]	State and local: Aaa	State and local: Baa	Corporate bonds: Aaa utility: New issue	Aaa utility: Recently offered	Corporate bonds, seasoned issues: Total[1]	By selected rating: Aaa	By selected rating: Baa	By group: Industrial	By group: Railroad	By group: Public utility	Stocks: Dividend/price ratio: Preferred	Dividend/price ratio: Common	Earnings/price ratio: Common
1970	6.59	6.42	6.12	6.75	8.68	8.71	8.51	8.04	9.11	8.26	8.77	8.68	7.22	3.83	6.46
1971	5.74	5.62	5.22	5.89	7.62	7.66	7.94	7.39	8.56	7.57	8.38	8.13	6.75	3.14	5.41
1972	5.63	5.30	5.04	5.60	7.31	7.34	7.63	7.21	8.16	7.35	7.99	7.74	7.27	2.84	5.50
1973	6.30	5.22	4.99	5.49	7.74	7.75	7.80	7.44	8.24	7.60	8.12	7.83	7.23	3.06	7.12
1974	6.99	6.19	5.89	6.53	9.33	9.34	8.98	8.57	9.50	8.78	8.98	9.27	8.23	4.47	11.60
1975	6.98	7.05	6.42	7.62	9.40	9.41	9.46	8.83	10.39	9.25	9.39	9.88	8.38	4.31	....
1975—Jan.	6.68	6.89	6.39	7.45	9.36	9.45	9.55	8.83	10.62	9.19	9.52	10.10	8.41	5.07	....
Feb.	6.61	6.40	5.96	7.03	8.97	9.09	9.33	8.62	10.43	9.01	9.32	9.83	8.07	4.61	....
Mar.	6.73	6.70	6.28	7.25	9.35	9.38	9.28	8.67	10.29	9.05	9.25	9.67	8.04	4.42	10.10
Apr.	7.03	6.95	6.46	7.43	9.67	9.65	9.49	8.95	10.34	9.30	9.39	9.88	8.27	4.34	....
May	6.99	6.95	6.42	7.48	9.63	9.65	9.55	8.90	10.46	9.37	9.49	9.93	8.51	4.08	....
June	6.86	6.96	6.28	7.48	9.25	9.32	9.45	8.77	10.40	9.29	9.40	9.81	8.34	4.02	8.28
July	6.89	7.07	6.39	7.60	9.41	9.42	9.43	8.84	10.33	9.26	9.37	9.81	8.24	4.02	....
Aug.	7.06	7.12	6.40	7.71	9.46	9.49	9.51	8.95	10.35	9.29	9.41	9.93	8.41	4.36	....
Sept.	7.29	7.40	6.70	7.96	9.68	9.57	9.55	8.95	10.38	9.35	9.42	9.98	8.56	4.39	9.06
Oct.	7.29	7.40	6.67	8.01	9.45	9.43	9.51	8.86	10.37	9.32	9.40	9.94	8.58	4.22	....
Nov.	7.21	7.41	6.64	8.08	9.20	9.26	9.44	8.78	10.33	9.27	9.36	9.83	8.50	4.07	....
Dec.	7.17	7.29	6.50	7.96	9.36	9.21	9.45	8.79	10.35	9.26	9.37	9.87	8.57	4.14	....
1976—Jan.	6.94	7.08	6.22	7.81	8.70	8.79	9.33	8.60	10.24	9.16	9.32	9.68	8.16	3.80	....
Week ending—															
1975—Dec. 6	7.23	7.30	6.52	7.97	9.46	9.34	9.47	8.83	10.35	9.30	9.36	9.87	8.69	4.20	....
13	7.26	7.31	6.53	7.98	9.37	9.25	9.49	8.86	10.37	9.30	9.37	9.91	8.74	4.17	....
20	7.17	7.28	6.49	7.95	9.24	9.19	9.46	8.81	10.36	9.26	9.38	9.89	8.46	4.12	....
27	7.09	7.28	6.49	7.95	....	9.13	9.42	8.72	10.33	9.22	9.36	9.84	8.49	4.11	....
1976—Jan. 3	7.05	7.26	6.45	7.92	....	9.10	9.40	8.66	10.33	9.21	9.36	9.79	8.48	4.08	....
10	6.96	7.12	6.25	7.84	8.88	8.94	9.37	8.63	10.31	9.18	9.34	9.75	8.42	3.91	....
17	6.90	7.10	6.25	7.83	8.64	8.68	9.34	8.60	10.26	9.17	9.33	9.71	8.22	3.78	....
24	6.93	7.02	6.15	7.78	8.62	8.69	9.31	8.58	10.20	9.15	9.32	9.64	7.97	3.74	....
31	6.94	6.90	6.00	7.68	8.66	8.68	9.28	8.57	10.16	9.13	9.30	9.59	8.04	3.75	....
Number of issues[2]	15	20	5	5	....	....	121	20	30	41	30	40	14	500	500

1 Includes bonds rated Aa and A, data for which are not shown separately. Because of a limited number of suitable issues, the number of corporate bonds in some groups has varied somewhat. As of Dec. 23, 1967, there is no longer an Aaa-rated railroad bond series.

2 Number of issues varies over time; figures shown reflect most recent count.

NOTE.—Annual yields are averages of weekly, monthly, or quarterly data.

Bonds: Monthly and weekly yields are computed as follows: (1) *U.S. Govt.*, averages of daily figures for bonds maturing or callable in 10 years or more; from Federal Reserve Bank of New York. (2) *State and local govt.*, general obligations only, based on Thurs. figures, from Moody's Investors Service. (3) *Corporate*, rates for "New issue" and "Recently offered" Aaa utility bonds, weekly averages compiled by the Board of Governors of the Federal Reserve System; and rates for seasoned issues, averages of daily figures from Moody's Investors Service.

Stocks: Standard and Poor's corporate series. Dividend/price ratios are based on Wed. figures. Earnings/price ratios as of end of period. Preferred stock ratio based on 8 median yields for a sample of noncallable issues—12 industrial and 2 public utility. Common stock ratios on the 500 stocks in the price index. Quarterly earnings are seasonally adjusted at annual rates.

NOTES TO TABLES ON OPPOSITE PAGE:

Security Prices:

NOTE.—Annual data are averages of daily or weekly figures. Monthly and weekly data are averages of daily figures unless otherwise noted and are computed as follows: *U.S. Govt. bonds*, derived from average market yields in table on p. A-28 on basis of an assumed 3 per cent, 20-year bond. *Municipal and corporate bonds*, derived from average yields as computed by Standard and Poor's Corp., on basis of a 4 per cent, 20-year bond; Wed. closing prices. *Common stocks*, derived from component common stock prices. *Average daily volume of trading*, presently conducted 5 days per week for 6 hours per day.

Stock Market Customer Financing:

1 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock (Dec. 1970 BULLETIN, p. 920). Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange. June data for banks are universe totals; all other data for banks represent estimates for all commercial banks based on reports by a reporting sample, which accounted for 60 per cent of security credit outstanding at banks on June 30, 1971.

2 In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

3 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over the counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

4 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

SECURITY PRICES

Period	Bond prices (per cent of par)			Common stock prices										Volume of trading in stocks (thousands of shares)	
				New York Stock Exchange									American Stock Exchange total index (Aug. 31, 1973 = 100)		
				Standard and Poor's index (1941–43 = 10)				New York Stock Exchange index (Dec. 31, 1965 = 50)							
	U.S. Govt. (long-term)	State and local	Corporate AAA	Total	Industrial	Railroad	Public utility	Total	Industrial	Transportation	Utility	Finance		NYSE	AMEX
1970	60.52	72.3	61.6	83.22	91.29	32.13	54.48	45.72	48.03	32.14	37.24	54.64	96.63	10,532	3,376
1971	67.73	80.0	65.0	98.29	108.35	41.94	59.33	54.22	57.92	44.35	39.53	70.38	113.40	15,381	4,234
1972	68.71	84.4	65.9	109.20	121.79	44.11	56.90	60.29	65.73	50.17	38.48	78.35	129.10	16,487	4,447
1973	62.80	85.4	63.7	107.43	120.44	38.05	53.47	57.42	63.08	37.74	37.69	70.12	103.80	16,374	3,004
1974	57.45	76.3	58.8	82.85	92.91	37.53	38.91	43.84	48.08	31.89	29.82	49.67	79.97	13,883	1,908
1975	57.44	68.9	56.2	85.17	96.15	37.48	41.21	45.73	51.88	30.73	31.45	46.62	83.15	18,568	2,150
1975—Jan.	59.70	70.9	56.4	72.56	80.50	37.31	38.19	38.56	41.29	28.12	29.55	44.85	68.31	19,661	2,117
Feb.	60.27	74.1	56.6	80.10	89.29	37.80	40.37	42.48	46.00	30.21	31.31	47.59	76.08	22,311	2,545
Mar.	59.33	70.9	56.2	83.78	93.90	38.35	39.55	44.35	48.63	31.62	31.04	47.83	79.15	22,680	2,665
Apr.	57.05	69.5	55.8	84.72	95.27	38.55	38.19	44.91	49.74	31.70	30.01	47.35	82.03	20,334	2,302
May	57.40	69.6	56.6	90.10	101.05	38.92	39.69	47.76	53.22	32.28	31.02	49.97	86.94	21,785	2,521
June	58.33	69.8	56.7	92.40	103.68	38.97	43.65	49.21	54.61	30.79	32.78	52.20	90.57	r21,286	2,743
July	58.09	68.5	56.6	92.49	103.84	38.04	43.67	49.54	54.96	32.88	32.98	52.51	93.28	20,076	2,750
Aug.	56.84	68.3	55.6	85.71	96.21	35.13	41.04	45.71	50.71	30.14	31.02	46.55	85.74	13,404	1,476
Sept.	55.23	66.1	55.8	84.62	94.96	34.94	40.53	44.97	50.05	29.46	30.65	43.38	84.26	12,717	1,439
Oct.	55.23	66.1	56.0	88.57	99.29	36.92	42.59	46.87	52.26	30.79	31.87	44.36	83.46	15,893	1,629
Nov.	55.77	66.2	56.3	90.07	100.86	37.81	43.77	47.64	52.91	32.15	32.83	47.48	85.60	16,795	1,613
Dec.	56.03	67.4	56.1	88.74	94.89	37.07	43.25	46.78	63.70	31.61	32.75	43.86	82.50	15,859	1,977
1976—Jan.	57.75	69.7	57.03	96.86	108.45	41.42	46.99	51.31	56.72	35.77	35.23	48.83	91.47	32,794	3,070
Week ending—															
1976—Jan. 3	56.95	68.1	56.5	90.25	100.97	r38.12	r44.35	47.65	52.76	32.94	33.41	45.17	83.22	r15,085	r2,423
10	57.59	69.1	56.9	93.92	105.05	40.06	46.20	49.71	55.12	34.49	34.45	47.63	87.74	28,388	2,764
17	58.02	69.5	57.3	96.53	108.07	41.39	46.87	51.13	56.80	35.60	35.08	48.77	90.98	31,940	2,850
24	57.79	70.2	57.1	98.53	110.37	42.42	47.49	52.20	56.86	36.73	35.68	49.32	93.19	32,334	3,398
31	57.76	69.9	56.8	99.65	111.68	42.35	47.81	52.56	58.82	36.72	36.00	50.23	95.38	36,454	3,668

For notes see opposite page.

STOCK MARKET CUSTOMER FINANCING

(In millions of dollars)

End of period	Margin credit at brokers and banks [1]										Free credit balances at brokers [4]	
	Regulated [2]									Unregulated [3]		
	By source			By type								
				Margin stock		Convertible bonds		Subscription issues		Nonmargin stock credit at banks		
	Total	Brokers	Banks	Brokers	Banks	Brokers	Banks	Brokers	Banks		Margin accts.	Cash accts.
1974—Dec.	4,836	3,980	856	3,840	815	137	30	3	11	2,064	r410	r1,425
1975—Jan.	4,934	4,086	848	3,950	806	134	29	2	13	1,919	410	1,450
Feb.	5,099	4,269	830	4,130	783	136	34	3	13	1,897	480	1,610
Mar.	5,164	4,320	844	4,180	800	134	30	6	14	1,882	515	1,770
Apr.	5,327	4,503	824	4,360	781	138	30	5	13	1,885	505	1,790
May	5,666	4,847	819	4,700	779	140	27	7	13	1,883	520	1,705
June	....	5,140	....	4,990	....	146	....	4	....	....	520	1,790
July	....	5,446	....	5,300	....	143	....	3	....	....	555	1,710
Aug.	....	5,365	....	5,220	....	142	....	3	....	....	515	1,500
Sept.	....	5,399	....	5,250	....	145	....	4	....	....	470	1,455
Oct.	....	5,448	....	5,300	....	144	....	4	....	....	545	1,495
Nov.	....	5,519	....	5,370	....	146	....	3	....	....	490	1,470
Dec.	....	5,540	....	5,390	....	147	....	3	....	....	475	1,525

For notes see opposite page.

EQUITY STATUS OF MARGIN ACCOUNT DEBT AT BROKERS

(Per cent of total debt, except as noted)

End of period	Total debt (millions of dollars)[1]	Equity class (per cent) 80 or more	70–79	60–69	50–59	40–49	Under 40
1974—Dec.	3,840	4.3	4.6	8.8	13.9	23.0	45.4
1975—Jan.	3,950	5.6	7.3	13.5	24.6	28.1	21.2
Feb.	4,130	5.9	7.2	14.6	25.4	28.5	18.4
Mar.	4,180	6.5	8.0	15.3	27.6	25.8	16.9
Apr.	4,360	7.1	8.7	16.1	28.7	23.5	15.9
May	4,700	7.0	9.1	16.7	31.5	21.0	13.4
June	4,990	7.4	9.9	18.3	32.7	20.4	11.4
July	5,300	6.0	8.3	13.9	23.6	30.4	17.9
Aug.	5,220	5.5	6.8	11.3	20.7	31.0	24.7
Sept.	5,250	5.1	7.3	10.6	19.6	31.0	26.5
Oct.	5,300	5.5	6.7	11.2	21.8	29.7	25.2
Nov.	5,370	5.2	6.7	12.2	23.2	28.6	24.0
Dec.	5,390	5.3	6.9	11.6	22.3	28.8	25.0

[1] Note 1 appears at the bottom of p. A-28.

NOTE.—Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

SPECIAL MISCELLANEOUS ACCOUNT BALANCES AT BROKERS, BY EQUITY STATUS OF ACCOUNTS

(Per cent of total, except as noted)

End of period	Net credit status	Equity class of accounts in debit status: 60 per cent or more	Less than 60 per cent	Total balance (millions of dollars)
1974—Dec.	41.1	32.4	26.5	7,013
1975—Jan.	41.1	39.3	19.8	7,185
Feb.	42.2	40.1	17.8	7,303
Mar.	44.4	40.1	15.5	7,277
Apr.	45.2	41.1	13.7	7,505
May	44.5	43.2	12.3	7,601
June	45.9	43.1	11.0	7,875
July	45.6	41.1	13.1	7,772
Aug.	43.5	40.6	16.0	7,494
Sept.	45.3	38.9	15.8	7,515
Oct.	44.4	40.1	15.5	7,362
Nov.	45.3	40.2	14.5	7,425
Dec.	43.8	40.8	15.4	7,290

NOTE.—Special miscellaneous accounts contain credit balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

MUTUAL SAVINGS BANKS

(In millions of dollars)

End of period	Loans: Mortgage	Loans: Other	Securities: U.S. Govt.	Securities: State and local govt.	Securities: Corporate and other[1]	Cash	Other assets	Total assets—Total liabilities and general reserve accts.	Deposits	Other liabilities	General reserve accounts	Mortgage loan commitments[2] classified by maturity (in months): 3 or less	3–6	6–9	Over 9	Total
1971	62,069	2,808	3,334	385	17,674	1,389	1,711	89,369	81,440	1,810	6,118	1,047	627	463	1,310	3,447
1972[3]	67,563	2,979	3,510	873	21,906	1,644	2,117	100,593	91,613	2,024	6,956	1,593	713	609	1,624	4,539
1973	73,231	3,871	2,957	926	21,383	1,968	2,314	106,651	96,496	2,566	7,589	1,250	598	405	1,008	3,261
1974	74,891	3,812	2,555	930	22,550	2,167	2,645	109,550	98,701	2,888	7,961	664	418	232	726	2,040
1974—Nov.	74,913	4,226	2,553	877	22,201	1,406	2,633	108,809	97,582	3,291	7,936	724	398	317	743	2,182
Dec.	74,891	3,812	2,555	930	22,550	2,167	2,645	109,550	98,701	2,888	7,961	664	418	232	726	2,040
1975—Jan.	74,957	4,287	2,571	967	22,979	1,706	2,663	110,130	99,211	2,948	7,971	726	400	225	620	1,971
Feb.	75,057	4,658	2,677	1,017	23,402	1,856	2,709	111,376	100,149	3,211	8,016	654	360	217	579	1,810
Mar.	75,127	4,736	2,975	1,095	24,339	2,101	2,672	113,045	102,285	2,712	8,049	824	312	294	564	1,994
Apr.	75,259	4,407	3,419	1,121	24,994	1,841	2,780	113,821	102,902	2,849	8,071	913	335	312	538	2,098
May	75,440	4,593	3,616	1,137	25,579	2,077	2,811	115,252	104,056	3,080	8,116	955	383	300	573	2,211
June	75,763	4,492	3,744	1,240	26,470	2,088	2,954	116,751	105,993	2,594	8,164	973	510	195	565	2,243
July	76,097	4,396	3,965	1,436	26,976	1,835	3,004	117,709	106,533	2,970	8,208	957	463	266	526	2,212
Aug.	76,310	4,405	4,187	1,451	27,104	1,730	3,067	118,254	106,745	3,255	8,254	981	431	237	573	2,222
Sept.	76,429	4,487	4,279	1,495	27,033	1,783	3,136	118,643	107,560	2,778	8,304	1,011	372	256	499	2,138
Oct.	76,655	4,481	4,368	1,523	27,106	1,805	3,152	119,089	107,812	2,950	8,328	950	368	275	394	1,987
Nov.	76,855	4,550	4,601	1,551	27,421	1,872	3,223	120,073	108,480	3,215	8,378	972	323	222	379	1,896

[1] Also includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

[2] Commitments outstanding of banks in New York State as reported to the Savings Banks Assn. of the State of New York. Data include building loans.

[3] Balance sheet data beginning 1972 are reported on a gross-of-valuation-reserves basis. The data differ somewhat from balance sheet data previously reported by National Assn. of Mutual Savings Bank, which were net of valuation reserves. For most items, however, the differences are relatively small.

NOTE.—NAMSB data; figures are estimates for all savings banks in the United States and differ somewhat from those shown elsewhere in the BULLETIN; the latter are for call dates and are based on reports filed with U.S. Govt. and State bank supervisory agencies.

LIFE INSURANCE COMPANIES

(In millions of dollars)

End of period	Total assets	Government securities: Total	Government securities: United States	Government securities: State and local	Government securities: Foreign[1]	Business securities: Total	Business securities: Bonds	Business securities: Stocks	Mort-gages	Real estate	Policy loans	Other assets
1971	222,102	11,000	4,455	3,363	3,182	99,805	79,198	20,607	75,496	6,904	17,065	11,832
1972	239,730	11,372	4,562	3,367	3,443	112,985	86,140	26,845	76,948	7,295	18,003	13,127
1973	252,436	11,403	4,328	3,412	3,663	117,715	91,796	25,919	81,369	7,693	20,199	14,057
1974	263,817	11,890	4,396	3,653	3,841	119,580	97,430	22,150	86,258	8,249	22,899	14,941
1974—Nov.	262,253	11,871	4,394	3,626	3,851	119,246	97,199	22,047	85,481	8,207	22,676	14,772
Dec.	263,349	11,965	4,437	3,667	3,861	118,572	96,652	21,920	86,234	8,331	22,862	15,385
1975—Jan.	266,823	12,065	4,461	3,669	3,935	121,986	98,876	23,110	86,526	8,313	23,058	14,875
Feb.	269,715	12,161	4,512	3,686	3,960	124,158	99,571	24,587	86,929	8,402	23,224	14,841
Mar.	272,143	12,338	4,581	3,712	4,045	125,512	100,116	25,399	87,187	8,582	23,391	15,133
Apr.	273,523	12,374	4,608	3,719	4,047	126,256	99,725	26,531	87,638	8,782	23,459	15,014
May	275,816	12,464	4,678	3,739	4,047	127,847	100,478	27,369	87,882	8,843	23,570	15,210
June	278,343	12,560	4,738	3,762	4,060	129,838	101,238	28,600	88,035	8,989	23,675	15,246
July	279,354	12,814	4,843	3,902	4,069	130,298	102,675	27,623	88,162	9,058	23,794	15,228
Aug.	280,482	13,022	4,895	4,039	4,088	130,659	103,496	27,163	88,327	9,112	23,919	15,443
Sept.	281,847	13,150	4,914	4,122	4,114	131,524	104,529	26,995	88,445	9,210	24,048	15,470
Oct.	284,829	13,793	5,505	4,148	4,140	133,237	105,473	27,764	88,655	9,356	24,171	15,617
Nov.	286,975	14,129	5,762	4,210	4,157	134,495	106,385	28,110	88,850	9,464	24,271	15,766

[1] Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—Institute of Life Insurance estimates for all life insurance companies in the United States.

Figures are annual statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, *in total in* "Other assets."

SAVINGS AND LOAN ASSOCIATIONS

(In millions of dollars)

End of period	Assets: Mort-gages	Assets: Invest-ment secur-ities[1]	Assets: Cash	Assets: Other	Total assets — Total liabilities	Liabilities: Savings capital	Liabilities: Net worth[2]	Liabilities: Bor-rowed money[3]	Liabilities: Loans in process	Liabilities: Other	Mortgage loan com-mitments outstanding at end of period[4]
1971	174,250	18,185	2,857	10,731	206,023	174,197	13,592	8,992	5,029	4,213	7,328
1972	206,182	21,574	2,781	12,590	243,127	206,764	15,240	9,782	6,209	5,132	11,515
1973[5]	231,733	21,055		19,117	271,905	226,968	17,056	17,172	4,667	6,042	9,526
1974[5]	249,293	23,240		22,991	295,524	242,959	18,436	24,780	3,244	6,105	7,454
1974—Dec.	249,293	23,240		22,991	295,524	242,959	18,436	24,780	3,244	6,105	7,454
1975—Jan.	249,719	25,390		23,252	298,361	246,227	18,586	23,355	3,057	7,136	7,887
Feb.	250,828	27,003		23,669	301,500	249,524	18,816	21,895	3,049	8,216	8,787
Mar.	252,442	28,304		24,210	304,956	256,017	18,654	20,373	3,275	6,637	10,050
Apr.	254,727	29,047		24,868	308,642	258,875	18,882	19,845	3,608	7,432	11,653
May	257,911	30,648		25,520	314,079	262,770	19,128	19,317	4,105	8,759	12,557
June	261,336	30,880		25,786	318,003	268,978	18,992	18,881	4,446	6,706	12,363
July	264,458	32,054		26,311	322,823	272,032	19,266	18,765	4,771	7,989	12,611
Aug.	267,717	31,694		27,127	326,538	273,504	19,495	19,237	4,995	9,307	12,673
Sept.	270,600	30,786		27,745	329,131	277,201	19,414	20,052	5,128	7,336	12,585
Oct.	273,596	31,652		28,145	333,393	279,465	19,663	20,327	5,207	8,731	11,748
Nov.	275,919	32,498		28,610	337,027	281,711	19,919	20,434	5,164	9,799	11,365
Dec.[p]	278,704	30,920		28,785	338,409	286,040	19,821	20,724	5,185	6,639	10,663

[1] Excludes stock of the Federal Home Loan Bank Board. Compensating changes have been made in "Other" assets.

[2] Includes net undistributed income, which is accrued by most, but not all, associations.

[3] Advances from FHLBB and other borrowing.

[4] Data comparable with those shown for mutual savings banks (on opposite page) except that figures for loans in process are not included above but are included in the figures for mutual savings banks.

[5] Beginning 1973, participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, loans and notes insured by the Farmers Home Administration, and certain other Govt.-insured mortgage-type investments, previously included in mortgage loans, are included in other assets. The effect of this change was to reduce the mortgage total by about $0.6 billion.

Also, GNMA-guaranteed, mortgage-backed securities of the pass-through type, previously included in "Cash" and "Investment securities" are included in "Other" assets. These amounted to about $2.4 billion at the end of 1972.

NOTE.—FHLBB data; figures are estimates for all savings and loan assns. in the United States. Data are based on monthly reports of insured assns. and annual reports of noninsured assns. Data for current and preceding year are preliminary even when revised.

FEDERAL FISCAL OPERATIONS: SUMMARY

(In millions of dollars)

Period	U.S. budget: Receipts	U.S. budget: Outlays	U.S. budget: Surplus or deficit (−)	Means of financing: Borrowings from the public: Public debt securities	Agency securities	Less: Investments by Govt. accounts: Special issues	Less: Investments by Govt. accounts: Other	Less: Special notes[1]	Equals: Total	Less: Cash and monetary assets: Treasury operating balance	Less: Cash and monetary assets: Other	Other means of financing, net[2]
Fiscal year:												
1972	208,649	231,876	−23,227	29,131	−1,269	6,796	1,623	......	19,442	1,362	1,108	6,255
1973	232,225	246,526	−14,301	30,881	216	11,712	109	......	19,275	2,459	−1,613	−4,129
1974	264,932	268,392	−3,460	16,918	903	13,673	1,140	......	3,009	−3,417	889	−2,077
1975	280,997	324,601	−43,604	58,953	−1,069	8,112	−1,081	......	50,853	−1,570	1,891	−6,928
Half year:												
1974—Jan.–June	140,676	138,032	2,647	5,162	426	8,297	295	......	−3,004	−1,215	1,089	231
July–Dec.	r139,607	r153,147	r−13,540	18,429	−689	2,840	150	......	r14,751	−3,228	557	−3,881
1975—Jan.–June	141,190	171,202	−30,012	40,524	−423	5,272	−1,231	......	36,059	1,658	1,643	−2,746
July–Dec.	139,453	184,545	−45,092	43,460	−39	−4,739	−1,186	......	49,347	866	−980	−4,368
Month:												
1974—Dec. r	24,944	27,398	−2,454	7,300	−53	2,276	−90	......	5,062	2,874	289	555
1975—Jan.	25,020	28,934	−3,914	1,475	−23	−2,173	−42	......	3,667	−58	319	508
Feb.	19,975	26,200	−6,225	5,571	−306	1,224	−495	......	4,535	−2,359	−132	−801
Mar.	20,134	27,986	−7,852	9,949	5	−1,216	−79	......	11,249	3,115	285	3
Apr.	31,451	29,601	1,850	7,081	−37	10	−451	......	7,485	7,666	1,847	178
May	12,793	28,186	−15,394	11,418	−6	3,296	−440	......	8,556	−5,757	−732	349
June	31,817	30,296	1,521	5,030	−55	4,131	276	......	567	−949	56	−2,981
July	r20,197	r31,249	−11,052	5,051	−23	−2,427	−346	......	7,800	−3,390	−1,373	−1,511
Aug.	r23,584	r30,634	−7,050	9,472	6	2,384	−94	......	7,189	−630	−263	−1,032
Sept.	28,615	29,044	−429	r5,935	9	−2,151	−367	......	8,463	6,961	446	−627
Oct.	19,316	32,425	−13,109	8,352	−5	−3,656	260	......	11,743	−203	−348	815
Nov.	21,745	29,401	−7,656	4,800	−3	−749	−390	......	5,936	−3,844	392	−1,732
Dec.	25,995	31,792	−5,797	9,850	−24	1,860	−249	......	8,215	1,971	166	−281

End of period	Selected balances: Treasury operating balance: F.R. Banks	Tax and loan accounts	Other depositaries[3]	Total	Borrowing from the public: Public debt securities	Agency securities	Less: Investments of Govt. accounts: Special issues	Less: Investments of Govt. accounts: Other	Less: Special notes[1]	Equals: Total	Memo: Debt of Govt.-sponsored corps.—Now private[4]
Fiscal year:											
1971	1,274	7,372	109	8,755	398,130	12,163	82,740	22,400	825	304,328	37,086
1972	2,344	7,634	139	10,117	427,260	10,894	89,536	24,023	825	323,770	41,814
1973	4,038	8,433	106	12,576	458,142	11,109	101,248	24,133	825	343,045	51,325
1974	2,919	6,152	88	9,159	475,060	12,012	114,921	25,273	825	346,053	65,411
1975	5,773	1,475	343	7,591	533,188	10,943	123,033	24,192	(5)	396,906	76,092
Calendar year:											
1973	2,543	7,760	70	10,374	469,898	11,586	106,624	24,978	825	349,058	59,857
1974	3,113	r2,745	70	r5,928	492,664	11,367	117,761	25,423	(5)	360,847	76,459
1975	7,286	1,159	7	8,452	576,649	10,904	118,294	23,006	....	446,253	....
Month:											
1974—Dec.	3,113	2,745	70	5,928	492,664	11,367	117,761	25,423	....	360,847	76,459
1975—Jan.	3,541	2,115	220	5,876	494,139	11,343	115,588	25,380	....	364,514	76,921
Feb.	2,885	410	220	3,515	499,710	11,037	116,812	23,886	....	369,049	75,964
Mar.	4,271	2,142	220	6,633	509,659	11,042	115,596	24,807	....	380,298	76,392
Apr.	8,364	5,415	521	14,299	516,740	11,004	115,606	24,355	....	387,783	77,124
May	7,040	984	521	8,545	528,158	10,998	118,902	23,915	....	396,339	75,140
June	5,773	1,475	343	7,591	533,188	10,943	123,033	24,192	....	396,906	76,092
July	2,776	878	444	4,098	538,240	10,920	120,606	23,847	....	404,707	77,173
Aug.	2,349	1,214	−141	3,423	547,711	10,926	122,990	23,752	....	411,895	76,659
Sept.	8,074	2,162	529	10,765	553,647	10,935	120,839	23,385	....	420,358	77,026
Oct.	8,517	1,251	559	10,327	561,999	10,931	117,183	23,645	....	432,102	78,016
Nov.	4,919	1,558	9	6,485	566,799	10,928	116,434	23,255	....	438,037	78,451
Dec.	7,286	1,159	7	8,452	576,649	10,904	118,294	23,006	....	446,253	....

1 Represents non-interest-bearing public debt securities issued to the International Monetary Fund and international lending organizations. New obligations to these agencies are handled by letters of credit.

2 Includes accrued interest payable on public debt securities until June 1973 and total accrued interest payable to the public thereafter; deposit funds; miscellaneous liability (includes checks outstanding) and asset accounts; seigniorage; increment on gold; fiscal 1974 conversion of interest receipts of Govt. accounts to an accrual basis; gold holdings, gold certificates and other liabilities, and gold balance beginning Jan. 1974; and net gain/loss for U.S. currency valuation adjustment beginning June 1975.

3 As of Jan. 3, 1972, the Treasury operating balance was redefined to exclude the gold balance and to include previously excluded "Other depositaries" (deposits in certain commercial depositaries that have been converted from a time to a demand basis to permit greater flexibility in Treasury cash management).

4 Includes debt of Federal home loan banks, Federal land banks, R.F.K. Stadium Fund, FNMA (beginning Sept. 1968), and Federal intermediate credit banks and banks for cooperatives (both beginning Dec. 1968).

5 Beginning July 1974, public debt securities excludes $825 million of notes issued to International Monetary Fund to conform with Office of Management and Budget's presentation of the budget.

NOTE.—Half years may not add to fiscal year totals due to revisions in series that are not yet available on a monthly basis.

FEDERAL FISCAL OPERATIONS: DETAIL

(In millions of dollars)

Period	Budget receipts																
	Total	Individual income taxes					Corporation income taxes		Social insurance taxes and contributions					Excise taxes	Customs	Estate and gift	Misc. receipts[4]
		Withheld	Pres. Election Campaign Fund[1]	Nonwithheld	Refunds	Net total	Gross receipts	Refunds	Employment taxes and contribution[2]: Payroll taxes	Employment taxes and contribution[2]: Self-empl.	Unempl. insur.	Other net receipts[3]	Net total				
Fiscal year:																	
1972	208,649	83,200	......	25,679	14,143	94,737	34,926	2,760	44,088	2,032	4,357	3,437	53,914	15,477	3,287	5,436	3,633
1973	232,225	98,093	......	27,017	21,866	103,246	39,045	2,893	52,505	2,371	6,051	3,614	64,542	16,260	3,188	4,917	3,921
1974	264,932	r112,092	28	30,812	23,952	118,952	41,744	3,125	62,878	3,008	6,837	4,051	76,780	16,844	3,334	5,035	5,369
1975	280,997	122,071	......	r34,328	34,013	122,386	45,747	5,125	71,789	3,417	6,770	4,466	86,441	16,551	3,676	4,611	6,711
Half year:																	
1974—Jan.-June	140,676	59,100	28	24,605	22,953	60,782	25,155	1,631	32,919	2,807	3,862	2,084	41,671	7,878	1,701	2,521	2,601
July-Dec.	r139,607	r61,378	......	7,098	1,016	r67,461	18,247	2,016	34,418	254	2,914	2,187	39,774	8,761	1,958	2,284	r3,140
1975—Jan.-June	141,190	60,694	......	27,198	32,997	54,926	27,500	3,109	37,371	3,163	3,856	2,279	46,667	7,790	1,718	2,327	3,370
July-Dec.	139,453	59,549	......	7,649	1,362	65,835	18,810	2,735	35,443	268	2,861	2,314	40,886	8,759	1,927	2,573	3,397
Month:																	
1974—Dec.	r24,944	r10,429	......	461	90	r10,801	6,458	190	4,982	14	89	356	5,441	1,489	307	341	r298
1975—Jan.	25,020	10,253	1	5,366	132	15,487	1,745	557	4,802	223	245	402	5,673	1,351	307	385	629
Feb.	19,975	10,964	7	1,046	4,264	7,747	1,275	496	7,670	225	732	352	8,979	1,277	260	399	535
Mar.	20,134	9,624	8	2,661	8,152	4,134	7,228	649	6,268	208	21	373	6,870	1,160	295	356	741
Apr.	31,451	9,558	15	12,766	6,258	16,065	5,819	726	5,438	1,743	557	388	8,126	1,166	286	317	399
May	12,793	10,300	......	819	12,749	-1,630	1,192	18	7,689	340	2,209	350	10,588	1,373	270	459	559
June	31,817	10,027	......	4,541	1,444	13,123	10,241	664	5,552	373	92	413	6,431	1,464	301	412	508
July	20,197	9,205	......	908	498	9,615	1,838	471	5,309	......	444	374	6,128	1,514	313	503	615
Aug.	23,584	10,246	......	488	331	10,403	1,045	425	8,085	......	1,257	372	9,713	1,394	302	430	743
Sept.	28,615	9,182	......	4,809	382	13,609	6,277	264	5,555	251	75	400	6,280	1,430	312	431	539
Nov.	21,745	10,195	......	283	124	10,354	1,072	399	6,900	......	716	377	7,994	r1,476	r310	r428	511
Dec.	25,995	10,738	......	571	109	11,200	6,884	354	5,043	17	110	395	5,565	1,482	347	386	485

Period	Budget outlays														
	Total	National defense	Intl. affairs	General science, space, and tech.	Agriculture	Natural resources, envir., and energy	Commerce and transp.	Commun. and region. development	Education, training, employment, and social serv.	Health and welfare	Veterans	Interest	General Govt., law enforce., and justice	Revenue shar. and fiscal assistance	Undistrib. offsetting receipts[5]
Fiscal year:															
1973	246,526	75,072	2,956	r4,030	4,855	r5,947	r9,930	r5,529	11,874	91,790	12,013	22,813	4,813	67,222	-12,318
1974	268,392	78,569	3,593	r3,977	2,230	r6,571	r13,096	r4,911	r11,598	106,505	13,386	28,072	5,789	6,746	r-16,651
1975r	324,601	86,585	4,358	3,989	1,660	9,537	16,010	4,431	15,248	136,252	16,597	30,974	6,031	7,005	-14,075
1976r7	373,535	92,759	5,665	4,311	2,875	11,796	17,801	5,802	18,900	160,646	19,035	34,835	6,949	7,169	-15,208
TQ[7,8]	97,971	25,028	1,334	1,157	742	3,289	4,819	1,529	4,403	41,033	4,362	9,769	1,875	2,046	-3,589
1977[7]	394,237	101,129	6,824	4,507	1,729	13,772	16,498	5,532	16,615	171,508	17,196	41,297	6,859	7,351	-18,840
Month:															
1975—Mar.	27,986	7,435	503	379	347	723	1,415	19	1,209	12,154	1,811	2,656	568	3	-1,236
Apr.	29,601	7,555	109	368	275	611	1,088	309	1,838	12,379	1,466	2,716	416	1,524	-1,053
May	28,186	8,000	408	384	42	679	995	383	1,647	11,968	1,468	2,607	479	......	-873
June	30,296	7,854	557	256	179	788	1,289	453	1,684	14,158	1,412	2,521	759	-14	-1,601
July	r31,249	7,307	531	476	270	821	2,256	402	1,237	13,092	1,367	2,637	r321	1,625	-1,094
Aug.	r30,634	8,229	448	402	117	770	2,165	568	1,690	12,431	1,447	2,672	553	213	-1,071
Sept.	29,044	6,923	47	398	507	844	1,899	r440	r1,571	12,738	1,334	2,859	548	4	-1,068
Oct.	32,425	8,192	362	398	312	740	1,965	462	896	13,575	1,518	2,957	492	1,592	-1,035
Nov.	29,401	7,533	419	405	196	786	1,203	315	1,653	12,612	1,624	2,996	531	15	-887
Dec.	31,792	7,981	290	409	175	814	1,994	433	1,515	13,721	1,704	2,820	1,154	1	-1,221

1 Collections of these receipts, totaling $2,427 million for fiscal year 1973, were included as part of nonwithheld income taxes prior to Feb. 1974.

2 Old-age, disability, and hospital insurance, and Railroad Retirement accounts.

3 Supplementary medical insurance premiums and Federal employee retirement contributions.

4 Deposits of earnings by F. R. Banks and other miscellaneous receipts.

5 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and Govt. contributions for employee retirement.

6 Contains retroactive payments of $2,617 million for fiscal 1972.

7 Estimates presented in *Budget of the U.S. Government, Fiscal Year 1977*. Figures for outlay categories exclude special allowances for contingencies and civilian agency pay raises totaling $200 million for fiscal year 1976, $175 million for the **transition quarter** (TQ), and $2,260 million for fiscal year 1977, and therefore do not add to totals.

8 Effective in calendar year 1976, the fiscal year for the U.S. Govt. is being changed from July 1–June 30 to Oct. 1–Sept. 30. The period July 1–Sept. 30 of 1976, data for which are shown separately from fiscal year 1976 and fiscal year 1977 totals, will be a transition quarter.

NOTE.—Half years may not add to fiscal year totals due to revisions in series that are not yet available on a monthly basis.

GROSS PUBLIC DEBT, BY TYPE OF SECURITY

(In billions of dollars)

End of period	Total gross public debt [1]	Public issues (interest-bearing)										Special issues [5]
		Total	Marketable					Convertible bonds	Nonmarketable			
			Total	Bills	Certificates	Notes	Bonds [2]		Total [3]	Foreign issues [4]	Savings bonds and notes	
1968—Dec.	358.0	296.0	236.8	75.0	....	76.5	85.3	2.5	56.7	4.3	52.3	59.1
1969—Dec.	368.2	295.2	235.9	80.6	....	85.4	69.9	2.4	56.9	3.8	52.2	71.0
1970—Dec.	389.2	309.1	247.7	87.9	....	101.2	58.6	2.4	59.1	5.7	52.5	78.1
1971—Dec.	424.1	336.7	262.0	97.5	....	114.0	50.6	2.3	72.3	16.8	54.9	85.7
1972—Dec.	449.3	351.4	269.5	103.9	....	121.5	44.1	2.3	79.5	20.6	58.1	95.9
1973—Dec.	469.9	360.7	270.2	107.8	....	124.6	37.8	2.3	88.2	26.0	60.8	107.1
1974—Dec.	492.7	373.4	282.9	119.7	....	129.8	33.4	2.3	88.2	22.8	63.8	118.2
1975—Jan.	494.1	377.1	286.1	120.0	....	131.8	33.3	2.3	88.8	23.0	64.2	116.0
Feb.	499.7	381.5	289.8	123.0	....	132.7	34.1	2.3	89.4	23.3	64.5	117.2
Mar.	509.7	392.6	300.0	124.0	....	141.9	34.1	2.3	90.4	24.0	64.8	116.0
Apr.	516.7	399.8	307.2	127.0	....	145.0	35.3	2.3	90.3	23.6	65.2	116.0
May	528.2	407.8	314.9	131.5	....	146.5	36.8	2.3	90.6	23.5	65.5	119.2
June	533.2	408.8	315.6	128.6	....	150.3	36.8	2.3	90.9	23.2	65.9	123.3
July	538.2	416.3	323.7	133.4	....	153.6	36.7	2.3	90.4	22.2	66.3	120.9
Aug.	547.7	423.5	331.1	138.1	....	155.2	37.8	2.3	90.1	21.6	66.6	123.3
Sept.	553.6	431.5	338.9	142.8	....	158.5	37.7	2.3	90.3	21.5	66.9	121.1
Oct.	562.0	443.6	350.9	147.1	....	166.3	37.6	2.3	90.5	21.2	67.2	117.4
Nov.	566.8	447.5	355.9	151.1	....	166.1	36.7	2.3	89.3	21.3	67.6	116.7
Dec.	576.6	457.1	363.2	157.5	....	167.1	38.6	2.3	91.7	21.6	67.9	118.5
1976—Jan.	584.4	463.8	369.3	159.6	....	171.1	38.6	2.3	92.2	21.6	68.2	118.1

[1] Includes non-interest-bearing debt (of which $614 million on Jan. 31, 1976, was not subject to statutory debt limitation).
[2] Includes Treasury bonds and minor amounts of Panama Canal and postal savings bonds.
[3] Includes (not shown separately): depositary bonds, retirement plan bonds, Rural Electrification Administration bonds, State and local government bonds, and Treasury deposit funds.
[4] Nonmarketable certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency-series issues.
[5] Held only by U.S. Govt. agencies and trust funds and the Federal home loan banks.

NOTE.—Based on *Monthly Statement of the Public Debt of the United States*, published by U.S. Treasury. See also second paragraph in NOTE to table below.

OWNERSHIP OF PUBLIC DEBT

(Par value, in billions of dollars)

End of period	Total gross public debt	Held by		Held by private investors									
		U.S. Govt. agencies and trust funds	F.R. Banks	Total	Commercial banks	Mutual savings banks	Insurance companies	Other corporations	State and local govts.	Individuals		Foreign and international [1]	Other misc. investors [2]
										Savings bonds	Other securities		
1968—Dec.	358.0	76.6	52.9	228.5	66.0	3.8	8.4	14.2	24.9	51.9	23.3	14.3	21.9
1969—Dec.	368.2	89.0	57.2	222.0	56.8	3.1	7.6	10.4	27.2	51.8	29.0	11.2	25.0
1970—Dec.	389.2	97.1	62.1	229.9	62.7	3.1	7.4	7.3	27.8	52.1	29.1	20.6	19.9
1971—Dec.	424.1	106.0	70.2	247.9	65.3	3.1	7.0	11.4	25.4	54.4	18.8	46.9	15.6
1972—Dec.	449.3	116.9	69.9	262.5	67.7	3.4	6.6	9.8	28.9	57.7	16.2	55.3	17.0
1973—Dec.	469.9	129.6	78.5	261.7	60.3	2.9	6.4	10.9	29.2	60.3	16.9	55.6	19.3
1974—Nov.	485.4	139.0	81.0	265.3	53.7	2.5	5.9	11.0	28.7	63.2	21.1	58.3	20.8
Dec.	492.7	141.2	80.5	271.0	55.6	2.5	6.1	11.0	29.2	63.4	21.5	58.4	23.2
1975—Jan.	494.1	139.0	81.3	273.8	54.6	2.6	6.2	11.3	30.0	63.7	21.6	61.5	22.3
Feb.	499.7	139.8	81.1	278.9	56.5	2.7	6.2	11.4	30.5	64.0	21.3	64.6	21.6
Mar.	509.7	138.5	81.4	289.8	61.8	2.9	6.6	12.0	29.7	64.4	21.4	65.0	26.1
Apr.	516.7	138.0	87.8	290.9	64.1	3.2	6.7	12.5	29.8	64.7	21.4	64.9	23.6
May	528.2	140.9	85.6	301.7	67.7	3.4	6.9	13.7	29.8	65.1	21.5	66.8	26.8
June	533.2	145.3	84.7	303.2	69.2	3.5	7.1	13.2	29.6	65.5	21.6	66.0	27.4
July	538.2	142.5	81.9	313.8	71.4	3.7	7.3	16.2	31.3	65.9	21.8	66.7	29.5
Aug.	547.2	144.8	82.5	320.4	75.4	3.9	7.4	16.0	31.2	66.2	22.6	67.3	30.5
Sept.	553.6	142.3	87.0	324.4	78.4	4.0	7.6	15.0	32.2	66.5	23.0	65.5	32.3
Oct.	562.0	138.8	87.2	336.0	80.5	4.2	7.9	17.5	33.8	66.8	23.2	66.9	35.2
Nov.p	566.8	137.7	85.1	343.9	82.6	4.4	8.8	20.0	33.9	67.1	23.5	66.1	37.5

[1] Consists of investments of foreign and international accounts in the United States.
[2] Consists of savings and loan assns., nonprofit institutions, corporate pensions trust funds, and dealers and brokers. Also included are certain Govt. deposit accounts and Govt.-sponsored agencies.

NOTE.—Reported data for F.R. Banks and U.S. Govt. agencies and trust funds; Treasury estimates for other groups.

The debt and ownership concepts were altered beginning with the Mar. 1969 BULLETIN. The new concepts (1) exclude guaranteed securities and (2) remove from U.S. Govt. agencies and trust funds and add to other miscellaneous investors the holdings of certain Govt.-sponsored but privately owned agencies and certain Govt. deposit accounts. Beginning in July 1974, total gross public debt includes Federal Financing Bank bills and excludes notes issued to the IMF ($825 million).

OWNERSHIP OF MARKETABLE SECURITIES, BY MATURITY

(Par value, in millions of dollars)

Type of holder and date	Total	Within 1 year			1–5 years	5–10 years	10–20 years	Over 20 years
		Total	Bills	Other				
All holders:								
1972—Dec. 31	269,509	130,422	103,870	26,552	88,564	29,143	15,301	6,079
1973—Dec. 31	270,224	141,571	107,786	33,785	81,715	25,134	15,659	6,145
1974—Dec. 31	282,891	148,086	119,747	28,339	85,311	27,897	14,833	6,764
1975—Nov. 30	355,879	192,797	151,139	41,658	111,795	26,439	14,302	10,546
Dec. 31	366,191	199,692	157,483	42,209	112,270	26,436	14,264	10,530
U.S. Govt. agencies and trust funds:								
1972—Dec. 31	19,360	1,609	674	935	6,418	5,487	4,317	1,530
1973—Dec. 31	20,962	2,220	631	1,589	7,714	4,389	5,019	1,620
1974—Dec. 31	21,391	2,400	588	1,812	7,823	4,721	4,670	1,777
1975—Nov. 30	19,582	2,866	237	2,629	7,095	3,320	4,233	2,068
Dec. 31	19,347	2,769	207	2,562	7,058	3,283	4,233	2,053
Federal Reserve Banks:								
1972—Dec. 31	69,906	37,750	29,745	8,005	24,497	6,109	1,414	136
1973—Dec. 31	78,516	46,189	36,928	9,261	23,062	7,504	1,577	184
1974—Dec. 31	80,501	45,388	36,990	8,399	23,282	9,664	1,453	713
1975—Nov. 30	85,137	44,596	35,924	8,672	30,183	6,348	1,479	2,532
Dec. 31	87,934	46,845	38,018	8,827	30,518	6,463	1,507	2,601
Held by private investors:								
1972—Dec. 31	180,243	91,063	73,451	17,612	57,649	17,547	9,570	4,413
1973—Dec. 31	170,746	93,162	70,227	22,935	50,939	13,241	9,063	4,341
1974—Dec. 31	180,999	100,298	82,168	18,130	54,206	13,512	8,710	4,274
1975—Nov. 30	251,160	145,335	114,978	30,357	74,517	16,771	8,590	5,946
Dec. 31	255,860	150,078	119,258	30,820	74,694	16,690	8,524	5,876
Commercial banks:								
1972—Dec. 31	52,440	18,077	10,289	7,788	27,765	5,654	864	80
1973—Dec. 31	45,737	17,499	7,901	9,598	22,878	4,022	1,065	272
1974—Dec. 31	42,755	14,873	6,952	7,921	22,717	4,151	733	280
1975—Nov. 30	63,309	27,778	15,335	12,443	30,245	4,368	599	318
Dec. 31	64,398	29,875	17,481	12,394	29,629	4,071	552	271
Mutual savings banks:								
1972—Dec. 31	2,609	590	309	281	1,152	469	274	124
1973—Dec. 31	1,955	562	222	340	750	211	300	131
1974—Dec. 31	1,477	399	207	192	614	174	202	88
1975—Nov. 30	3,183	876	458	418	1,499	451	234	124
Dec. 31	3,300	983	554	429	1,524	448	232	112
Insurance companies:								
1972—Dec. 31	5,220	799	448	351	1,190	976	1,593	661
1973—Dec. 31	4,956	779	312	467	1,073	1,278	1,301	523
1974—Dec. 31	4,741	722	414	308	1,061	1,310	1,297	351
1975—Nov. 30	7,105	1,827	1,317	510	2,235	1,487	1,155	401
Dec. 31	7,565	2,024	1,513	511	2,359	1,592	1,154	436
Nonfinancial corporations:								
1972—Dec. 31	4,948	3,604	1,198	2,406	1,198	121	25	1
1973—Dec. 31	4,905	3,295	1,695	1,600	1,281	260	54	15
1974—Dec. 31	4,246	2,623	1,859	764	1,423	115	26	59
1975—Nov. 30	9,258	7,090	5,866	1,224	1,854	188	84	41
Dec. 31	9,365	7,105	5,829	1,276	1,967	175	61	57
Savings and loan associations:								
1972—Dec. 31	2,873	820	498	322	1,140	605	226	81
1973—Dec. 31	2,103	576	121	455	1,011	320	151	45
1974—Dec. 31	1,663	350	87	263	835	282	173	23
1975—Nov. 30	2,874	938	552	386	1,554	263	96	23
Dec. 31	2,793	914	518	396	1,558	216	82	22
State and local governments:								
1972—Dec. 31	10,904	6,159	5,203	956	2,033	816	1,298	598
1973—Dec. 31	9,829	5,845	4,483	1,362	1,870	778	1,003	332
1974—Dec. 31	7,864	4,121	3,319	802	1,796	815	800	332
1975—Nov. 30	9,381	5,459	4,686	773	1,807	736	817	561
Dec. 31	9,285	5,288	4,566	722	1,761	782	896	558
All others:								
1972—Dec. 31	101,249	61,014	55,506	5,508	23,171	8,906	5,290	2,868
1973—Dec. 31	101,261	64,606	55,493	9,113	22,076	6,372	5,189	3,023
1974—Dec. 31	118,253	77,210	69,330	7,880	25,760	6,664	5,479	3,141
1975—Nov. 30	156,049	101,367	86,765	14,602	35,323	9,278	5,604	4,477
Dec. 31	159,154	103,889	88,797	15,092	35,894	9,405	5,546	4,420

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership.

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting: (1) 5,547 commercial banks, 471 mutual savings banks, and 729 insurance companies combined, each about 90 per cent; (2) 459 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 501 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

DAILY-AVERAGE DEALER TRANSACTIONS

(Par value, in millions of dollars)

Period	U.S. Government securities									U.S. Govt. agency securities
	Total	By maturity				By type of customer				
		Within 1 year	1–5 years	5–10 years	Over 10 years	U.S. Govt. securities dealers	U.S. Govt. securities brokers	Commercial banks	All other[1]	
1974—Dec.	4,111	3,126	550	369	67	671	1,196	1,120	1,124	1,087
1975—Jan.	5,415	3,495	1,514	303	104	887	1,549	1,503	1,478	1,244
Feb.	5,770	3,353	1,521	711	185	698	2,044	1,511	1,518	1,233
Mar.	4,467	2,812	994	464	197	671	1,183	1,198	1,415	929
Apr.	5,197	3,682	1,096	285	134	704	1,450	1,242	1,801	904
May	6,419	4,181	1,615	466	158	981	1,917	1,454	2,067	1,049
June	5,732	3,745	1,484	372	132	801	1,689	1,336	1,906	1,217
July	4,675	3,301	1,131	172	71	669	1,294	1,100	1,613	778
Aug.	5,183	3,375	1,340	333	134	742	1,405	1,185	1,851	845
Sept.	5,566	4,032	1,315	128	91	931	1,405	1,198	2,033	787
Oct.	8,714	5,929	2,332	309	144	1,271	r2,675	1,839	2,929	r1,250
Nov.	7,594	5,519	1,353	534	189	1,070	2,176	1,875	2,474	1,217
Dec.	7,587	5,920	1,270	278	120	1,190	2,217	1,977	2,202	1,059
Week ending—										
1975—Dec. 3	5,977	4,691	930	273	83	994	1,543	1,628	1,812	855
10	6,196	4,945	893	292	66	962	1,847	1,517	1,871	794
17	8,722	7,267	1,015	265	174	1,587	2,728	2,126	2,280	913
24	7,513	5,480	1,584	292	158	1,064	2,135	2,075	2,239	1,539
31r	8,371	6,299	1,754	225	93	1,169	2,378	2,317	2,507	1,033
1976—Jan. 7	10,345	8,034	1,918	263	130	1,285	3,745	2,463	2,853	1,268
14	10,889	8,250	1,988	579	132	1,512	3,626	2,542	3,209	1,879
21	9,133	6,269	1,953	776	136	1,081	2,981	2,097	2,973	1,574
28	7,919	5,794	1,426	605	95	1,192	2,350	1,674	2,704	1,048

1 Since Jan. 1972 has included transactions of dealers and brokers in securities other than U.S. Govt.

NOTE.—The transactions data combine market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. They do not include allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts. Averages of daily figures based on the number of trading days in the period.

DAILY-AVERAGE DEALER POSITIONS

(Par value, in millions of dollars)

Period	U.S. Government securities, by maturity					U.S. Govt. agency securities
	All maturities	Within 1 year	1–5 years	5–10 years	Over 10 years	
1974—Dec.	4,821	3,100	974	553	175	1,803
1975—Jan.	4,634	2,689	1,236	600	113	1,578
Feb.	5,588	3,658	1,180	536	213	1,469
Mar.	5,737	3,435	1,486	618	198	1,444
Apr.	4,453	3,123	1,036	218	77	937
May	6,332	4,917	1,094	248	73	896
June	6,768	5,923	748	100	−3	790
July	5,736	4,978	775	47	−64	626
Aug.	5,501	4,491	609	262	138	610
Sept.	5,718	5,214	410	56	39	529
Oct.	7,322	6,019	1,091	111	102	498
Nov.	6,752	5,011	640	594	506	953
Dec.	6,061	5,274	322	218	247	984
Week ending—						
1975—Nov. 5	7,741	5,392	878	914	557	839
12	6,689	4,506	735	776	672	906
19	6,847	5,105	664	570	507	887
26	6,340	5,107	505	410	319	1,070
Dec. 3	6,181	5,225	372	320	263	1,060
10	5,689	5,101	94	231	264	912
17	6,700	6,256	71	134	240	842
24	5,964	4,992	521	212	240	1,049
31	5,785	4,635	666	245	239	1,125

NOTE.—The figures include all securities sold by dealers under repurchase contracts regardless of the maturity date of the contract, unless the contract is matched by a reverse repurchase (resale) agreement or delayed delivery sale with the same maturity and involving the same amount of securities. Included in the repurchase contracts are some that more clearly represent investments by the holders of the securities rather than dealer trading positions.

Average of daily figures based on number of trading days in the period.

DAILY-AVERAGE DEALER FINANCING

(In millions of dollars)

Period	All sources	Commercial banks		Corporations[1]	All other
		New York City	Elsewhere		
1974—Dec.	6,904	2,061	1,619	691	2,534
1975—Jan.	6,185	1,455	1,277	864	2,590
Feb.	6,295	1,672	1,077	714	2,832
Mar.	6,881	1,879	1,650	838	2,513
Apr.	5,696	1,655	1,326	583	2,132
May	6,656	1,684	1,567	452	2,953
June	7,682	1,955	1,979	737	3,012
July	6,594	1,365	1,435	929	2,865
Aug.	6,167	1,009	1,148	1,120	2,890
Sept.	6,576	1,160	1,640	972	2,804
Oct.	6,940	1,658	1,792	817	2,673
Nov.	7,215	1,958	1,393	991	2,873
Dec.	7,107	2,001	1,304	1,086	2,716
Week ending—					
1975—Nov. 5	7,235	1,897	1,249	792	3,298
12	6,589	2,031	1,413	956	2,189
19	6,977	1,720	1,517	1,107	2,634
26	7,573	1,786	1,390	1,051	3,347
Dec. 3	7,824	2,462	1,380	982	3,001
10	7,163	1,976	1,277	1,161	2,749
17	7,931	2,148	1,707	1,226	2,851
24	6,695	1,986	1,113	1,091	2,506
31	6,423	1,802	1,073	954	2,594

1 All business corporations, except commercial banks and insurance companies.

NOTE.—Averages of daily figures based on the number of calendar days in the period. Both bank and nonbank dealers are included. See also NOTE to the table on the left.

OUTSTANDING ISSUES OF FEDERALLY SPONSORED CREDIT AGENCIES, DECEMBER 31, 1975

Agency, and date of issue and maturity	Coupon rate	Amount (millions of dollars)
Federal home loan banks		
Bonds:		
6/21/74 – 2/25/76	8.70	400
8/25/71 – 2/25/76	7.38	300
8/27/73 – 2/25/76	8.75	300
8/26/74 – 2/25/76	9.20	600
6/22/73 – 5/25/76	7.20	600
11/27/73 – 5/25/76	7.45	300
7/25/73 – 8/25/76	7.80	500
9/25/74 – 8/25/76	9.55	700
10/25/74 – 11/26/76	8.60	600
7/25/74 – 11/26/76	9.55	500
10/25/73 – 2/25/77	7.20	500
11/25/74 – 2/25/77	8.05	500
6/21/74 – 5/25/77	8.70	500
6/25/71 – 5/25/77	6.95	200
4/12/73 – 8/25/77	7.15	300
5/28/74 – 8/25/77	8.80	600
2/26/73 – 11/25/77	6.75	300
11/27/73 – 11/25/77	7.45	300
8/26/74 – 11/25/77	9.15	700
11/25/75 – 2/27/78	7.25	800
9/25/74 – 2/27/78	9.38	400
9/21/73 – 5/25/78	7.60	500
8/26/74 – 11/27/78	9.10	500
6/21/74 – 2/26/79	8.65	600
9/25/74 – 2/26/79	9.45	600
10/25/74 – 5/25/79	8.65	500
5/28/74 – 5/25/79	8.75	400
7/25/74 – 8/27/79	9.50	500
11/25/74 – 11/26/79	8.15	500
12/23/74 – 11/26/79	7.50	500
3/25/70 – 2/25/80	7.75	350
2/25/74 – 2/25/80	7.05	300
10/15/70 – 10/15/80	7.80	200
11/25/75 – 11/25/80	7.75	600
10/27/71 – 11/27/81	6.60	200
10/25/74 – 11/25/81	8.65	400
8/25/75 – 2/25/82	8.63	500
4/12/73 – 5/25/83	7.30	183
2/25/75 – 11/25/83	7.38	400
5/28/74 – 5/25/84	8.75	300
11/25/75 – 11/25/85	8.10	400
10/25/73 – 11/26/93	7.38	400
Federal Home Loan Mortgage Corporation		
Bonds:		
5/29/73 – 8/25/76	7.05	400
5/11/72 – 2/25/77	6.15	350
11/19/70 – 11/27/95	8.60	140
7/15/71 – 8/26/96	7.75	150
5/11/72 – 5/26/97	7.15	150
Certificates:		
2/25/75 – 3/15/05	8.20	300
11/25/75 – 9/15/05	8.75	200
Federal National Mortgage Association— Secondary market operations		
Discount notes		2,168
Capital debentures:		
9/30/71 – 10/1/96	4.38	248
10/2/72 – 10/1/97	7.40	250
Mortgage-backed bonds:		
3/14/73 – 1/15/81	3.58	53
3/14/73 – 1/15/81	5.48	4
6/21/73 – 7/1/82	5.85	71
6/21/73 – 7/1/82	5.92	35
3/1/73 – 8/31/84	5.50	10
3/1/73 – 10/31/85	5.49	21
3/1/73 – 3/1/86	5.74	80
9/29/70 – 10/1/90	8.63	200
Federal National Mortgage Association – Cont.		
Debentures:		
3/11/71 – 3/10/76	5.65	500
6/12/73 – 3/10/76	7.13	400
6/10/71 – 6/10/76	6.70	250
2/10/72 – 6/10/76	5.85	450
9/10/74 – 6/10/76	10.00	700
11/10/71 – 9/10/76	6.13	300
6/12/72 – 9/10/76	5.85	500
12/10/74 – 9/10/76	7.50	200
7/12/71 – 12/10/76	7.45	300
12/11/72 – 12/10/76	6.25	500
6/10/74 – 12/10/76	8.45	600
3/13/62 – 2/10/77	4.50	198
9/11/72 – 3/10/77	6.30	500
3/11/74 – 3/10/77	7.05	400
9/10/75 – 3/10/77	8.30	450
12/10/70 – 6/10/77	6.38	250
5/10/71 – 6/10/77	6.50	150
12/10/73 – 6/10/77	7.20	500
9/10/71 – 9/12/77	6.88	300
9/10/73 – 9/12/77	7.85	400
12/10/75 – 9/12/77	7.38	450
7/10/73 – 12/12/77	7.25	500
10/1/73 – 12/12/77	7.55	500
6/10/74 – 3/10/78	8.45	650
3/10/75 – 3/10/78	6.70	350
6/12/73 – 6/12/78	7.15	600
6/10/75 – 6/12/78	7.45	400
3/11/74 – 9/11/78	7.15	550
10/12/71 – 12/11/78	6.75	300
7/10/74 – 12/11/78	8.95	450
12/10/73 – 3/12/79	7.25	500
9/10/73 – 6/11/79	7.85	300
9/10/74 – 6/11/79	9.80	600
6/12/72 – 9/10/79	6.40	300
12/10/74 – 9/10/79	7.80	700
10/10/75 – 10/10/79	8.50	400
12/10/71 – 12/10/79	6.55	350
6/10/75 – 12/10/79	7.75	650
2/10/72 – 3/10/80	6.88	250
3/10/75 – 3/10/80	7.25	750
4/1/75 – 4/10/80	7.63	300
6/10/74 – 6/10/80	8.50	600
2/16/73 – 7/31/80	5.19	1
2/16/73 – 7/31/80	3.18	9
10/1/73 – 9/10/80	7.50	400
9/10/75 – 9/10/80	8.75	650
1/16/73 – 10/30/80	4.46	5
12/11/72 – 12/10/80	6.60	300
12/10/75 – 12/10/80	8.00	650
6/29/72 – 1/29/81	6.15	156
3/12/73 – 3/10/81	7.05	350
4/18/73 – 3/10/81	6.59	26
3/21/73 – 5/1/81	4.50	18
3/21/73 – 5/1/81	5.77	1
1/21/71 – 6/10/81	7.25	250
9/10/71 – 9/10/81	7.25	250
9/10/74 – 9/10/81	9.70	300
3/11/74 – 12/10/81	7.30	250
7/10/74 – 3/10/82	8.88	300
6/28/72 – 5/1/82	5.84	58
2/10/71 – 6/10/82	6.65	250
9/11/72 – 9/10/82	6.80	200
10/10/75 – 10/11/82	8.60	300
12/10/73 – 12/10/82	7.35	300
3/11/71 – 6/10/83	6.75	200
6/12/73 – 6/10/83	7.30	300
11/10/71 – 9/12/83	6.75	250
6/10/75 – 12/12/83	8.00	300
12/10/75 – 12/12/83	8.40	300
4/12/71 – 6/11/84	6.25	200
7/10/75 – 7/10/84	8.20	300
12/10/74 – 9/10/84	7.95	300
12/10/71 – 12/10/84	6.90	250
3/10/75 – 3/11/85	7.65	500
3/10/72 – 3/10/92	7.00	200
6/12/72 – 6/10/92	7.05	200
12/11/72 – 12/10/97-82	7.10	200
Banks for cooperatives		
Bonds:		
7/1/75 – 1/5/76	5.65	434
8/4/75 – 2/2/76	6.80	552
9/2/75 – 3/1/76	7.40	526
10/1/75 – 4/1/76	7.50	458
11/3/75 – 5/3/76	6.75	600
12/1/75 – 6/1/76	6.00	459
10/1/73 – 4/4/77	7.70	200
10/1/75 – 10/2/78	8.55	215
12/2/74 – 10/1/79	8.00	201
Federal intermediate credit banks		
Bonds:		
3/1/73 – 1/5/76	6.65	261
4/1/75 – 1/5/76	6.05	1,079
5/1/75 – 2/2/76	6.60	909
6/2/75 – 3/1/76	6.15	840
7/1/75 – 4/1/76	5.80	739
8/4/75 – 5/3/76	7.00	888
9/2/75 – 6/1/76	7.60	770
10/1/75 – 7/1/76	7.70	469
11/3/75 – 8/2/76	6.90	640
12/1/75 – 9/1/76	6.20	714
7/2/73 – 1/3/77	7.10	236
7/1/74 – 4/4/77	8.70	321
1/2/74 – 1/3/78	7.10	406
1/2/75 – 1/2/79	7.40	410
7/1/75 – 1/2/80	7.40	531
Federal land banks		
Bonds:		
4/20/72 – 1/20/76	6.25	300
7/22/74 – 1/20/76	9.20	650
2/21/66 – 2/24/76	5.00	123
1/22/73 – 4/20/76	6.25	373
4/22/74 – 4/20/76	8.25	400
7/20/66 – 7/20/76	5.38	150
1/21/74 – 7/20/76	7.05	360
4/23/73 – 10/20/76	7.15	450
4/21/75 – 1/20/77	7.45	750
7/21/75 – 10/20/76	7.20	650
4/22/74 – 4/20/77	8.25	565
7/20/73 – 7/20/77	7.50	550
10/20/71 – 10/20/77	6.35	300
10/21/74 – 1/23/78	8.70	546
2/20/63 – 2/20/73-78	4.13	148
5/2/66 – 4/20/78	5.13	150
1/20/75 – 4/20/78	7.60	713
7/20/72 – 7/20/78	6.40	269
7/22/74 – 7/20/78	9.15	350
10/23/73 – 10/19/78	7.35	550
2/20/67 – 1/22/79	5.00	285
1/21/74 – 1/22/79	7.10	300
9/15/72 – 4/23/79	6.85	235
10/20/75 – 4/23/79	8.55	650
2/20/74 – 7/23/79	7.15	389
10/23/72 – 10/23/79	6.80	400
1/22/73 – 1/21/80	6.70	300
7/20/73 – 7/21/80	7.50	250
10/21/74 – 10/20/80	8.70	400
2/23/71 – 4/20/81	6.70	224
7/22/74 – 7/20/81	9.10	265
1/20/75 – 1/20/82	7.80	400
4/20/72 – 4/20/82	6.90	200
4/21/75 – 4/20/82	8.15	300
4/23/73 – 10/20/82	7.30	239
7/21/75 – 1/20/83	8.20	464
10/23/73 – 10/20/83	7.30	300
6/23/75 – 7/22/85	8.10	391
10/20/75 – 10/21/85	8.80	435

NOTE.—These securities are not guaranteed by the U.S. Govt.; see also note to table at top of p. A-38.

MAJOR BALANCE SHEET ITEMS OF SELECTED FEDERALLY SPONSORED CREDIT AGENCIES

(In millions of dollars)

End of period	Federal home loan banks: Assets: Advances to members	Federal home loan banks: Assets: Investments	Federal home loan banks: Assets: Cash and deposits	Federal home loan banks: Liabilities and capital: Bonds and notes	Federal home loan banks: Liabilities and capital: Member deposits	Federal home loan banks: Liabilities and capital: Capital Stock	Federal National Mortgage Assn. (secondary market operations): Mortgage loans (A)	Federal National Mortgage Assn. (secondary market operations): Debentures and notes (L)	Banks for cooperatives: Loans to cooperatives (A)	Banks for cooperatives: Bonds (L)	Federal intermediate credit banks: Loans and discounts (A)	Federal intermediate credit banks: Bonds (L)	Federal land banks: Mortgage loans (A)	Federal land banks: Bonds (L)
1970	10,614	3,864	105	10,183	2,332	1,607	15,502	15,206	2,030	1,755	4,974	4,799	7,186	6,395
1971	7,936	2,520	142	7,139	1,789	1,618	17,791	17,701	2,076	1,801	5,669	5,503	7,917	7,063
1972	7,979	2,225	129	6,971	1,548	1,756	19,791	19,238	2,298	1,944	6,094	5,804	9,107	8,012
1973	15,147	3,537	157	15,362	1,745	2,122	24,175	23,001	2,577	2,670	7,198	6,861	11,071	9,838
1974—Dec.	21,804	3,094	144	21,878	2,484	2,624	29,709	28,201	3,575	3,561	8,848	8,400	13,643	12,427
1975—Jan.	20,728	4,467	113	21,778	2,612	2,699	29,797	28,030	3,910	3,653	8,888	8,419	14,086	13,020
Feb.	19,460	4,838	99	20,822	2,819	2,698	29,846	27,730	3,821	3,592	9,031	8,484	14,326	13,021
Mar.	18,164	6,415	154	20,754	3,025	2,677	29,870	28,420	3,741	3,439	9,303	8,703	14,641	13,021
Apr.	17,528	6,836	98	20,738	2,651	2,660	29,931	28,257	3,650	3,329	9,520	9,061	14,917	13,571
May	17,145	5,745	98	19,463	2,708	2,656	29,977	27,714	3,499	2,982	9,763	9,231	15,180	13,571
June	16,803	6,259	134	19,396	2,831	2,653	30,136	28,237	3,371	2,948	10,031	9,357	15,437	13,961
July	16,685	6,174	119	19,446	2,436	2,656	30,453	28,419	3,520	2,914	10,163	9,556	15,654	14,351
Aug.	16,945	4,680	89	18,736	2,281	2,660	30,881	28,718	3,738	3,004	10,176	9,715	15,851	14,351
Sept.	17,482	4,247	114	18,720	2,275	2,679	31,157	28,933	3,847	3,109	10,100	9,657	16,044	14,351
Oct.	17,578	4,368	70	18,766	2,291	2,685	31,466	29,373	4,087	3,453	9,933	9,505	16,247	14,774
Nov.	17,606	4,439	87	18,874	2,527	2,690	31,647	29,919	4,041	3,664	8,784	9,319	16,380	14,774
Dec.p	17,845	4,376	108	18,873	2,701	2,705	31,916	29,963	3,979	3,643	9,947	9,211	16,564	14,773

NOTE.—Data from Federal Home Loan Bank Board, Federal National Mortgage Assn., and Farm Credit Admin. Among omitted balance sheet items are capital accounts of all agencies, except for stock of FHLB's. Bonds, debentures, and notes are valued at par. They include only publicly offered securities (excluding, for FHLB's, bonds held within the FHLB System) and are not guaranteed by the U.S. Govt.; for a listing of these securities, see table on preceding page. Loans are gross of valuation reserves and represent cost for FNMA and unpaid principal for other agencies.

NEW ISSUES OF STATE AND LOCAL GOVERNMENT SECURITIES

(In millions of dollars)

Period	All issues (new capital and refunding): Total	Type of issue: General obligations	Type of issue: Revenue	Type of issue: HAA[1]	Type of issue: U.S. Govt. loans	Type of issuer: State	Type of issuer: Special district and stat. auth.	Type of issuer: Other[2]	Total amount delivered[3]	Issues for new capital: Total	Use of proceeds: Education	Use of proceeds: Roads and bridges	Use of proceeds: Utilities[4]	Use of proceeds: Housing[5]	Use of proceeds: Veterans' aid	Use of proceeds: Other purposes
1971	24,963	15,220	8,681	1,000	62	5,999	8,714	10,246	....	24,495	5,278	2,642	5,214	2,068	......	9,293
1972	23,653	13,305	9,332	959	57	4,991	9,496	9,165	....	19,959	4,981	1,689	4,638	1,910	......	6,741
1973	23,969	12,257	10,632	1,022	58	4,212	9,505	10,249	....	22,397	4,311	1,458	5,654	2,639	......	8,335
1974	24,315	13,563	10,212	461	79	4,784	8,638	10,817	....	23,508	4,730	768	5,634	1,064	......	11,312
1975	30,607	16,020	14,511	....	76	7,438	12,441	10,660	....	29,495	4,689	1,277	7,209	647	......	15,673
1974—Nov.	2,487	1,110	1,374	....	3	689	1,005	789	....	2,403	698	4	866	9	......	826
Dec.	1,500	761	717	....	22	222	558	700	....	1,475	297	64	424	53	......	637
1975—Jan.	2,367	1,364	997	....	6	372	702	1,293	....	2,332	710	49	644	172	......	757
Feb.	2,392	1,723	664	....	5	877	629	880	....	2,353	478	209	425	105	......	1,136
Mar.	2,137	1,284	851	....	2	376	717	1,048	....	2,083	471	94	474	35	......	1,009
Apr.	2,413	1,501	905	....	7	368	880	1,161	....	2,316	405	61	734	38	......	1,078
May	2,905	1,885	1,015	....	5	811	1,197	889	....	2,784	419	211	559	25	......	1,570
June	3,066	1,772	1,292	....	2	938	1,137	989	....	2,840	430	164	821	28	......	1,397
July	3,586	1,371	2,209	....	6	1,577	1,063	941	....	3,554	400	123	879	37	......	2,115
Aug.	2,786	1,058	1,725	....	3	376	1,665	747	....	2,561	379	55	626	67	......	1,434
Sept.	2,171	907	1,252	....	12	357	1,185	614	....	2,123	279	134	447	48	......	1,215
Oct.r	2,337	1,120	1,203	....	14	482	979	855	....	2,241	212	60	487	44	......	1,438
Nov.r	2,385	1,040	1,341	....	4	470	1,244	667	....	2,318	219	88	618	28	......	1,365
Dec.	2,062	995	1,057	....	10	434	1,043	576	....	1,990	287	29	495	20	......	1,159

[1] Only bonds sold pursuant to 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

[2] Municipalities, counties, townships, school districts.

[3] Excludes U.S. Govt. loans. Based on date of delivery to purchaser and payment to issuer, which occurs after date of sale.

[4] Water, sewer, and other utilities.

[5] Includes urban redevelopment loans.

NOTE.—Security Industries Assn. data; par amounts of long-term issues based on date of sale unless otherwise indicated.

Components may not add to totals due to rounding.

TOTAL NEW ISSUES

(In millions of dollars)

Period	Gross proceeds, all issues[1]										
	Total	Noncorporate				Corporate					
		U.S. Govt.[2]	U.S. Govt. agency[3]	State and local (U.S.)[4]	Other[5]	Total	Bonds			Stock	
							Total	Publicly offered	Privately placed	Preferred	Common
1971	105,233	17,235	16,283	24,370	2,165	44,914	31,999	24,790	7,209	3,679	9,236
1972	96,522	17,080	12,825	23,070	1,589	40,787	27,727	18,347	9,378	3,373	9,689
1973	100,417	19,057	23,883	22,700	1,385	33,391	22,268	13,649	8,620	3,372	7,750
1974	....	....	....	....	....	37,837	31,551	25,337	6,214	2,253	4,033
1974—Oct.	....	....	....	....	....	4,609	3,778	3,423	355	196	635
Nov.	....	....	....	....	....	3,746	3,346	3,016	330	93	307
Dec.	....	....	....	....	....	3,505	3,052	2,172	880	152	301
1975—Jan.	....	....	....	....	....	5,364	4,791	3,657	1,134	235	338
Feb.	....	....	....	....	....	4,528	3,906	3,201	705	173	449
Mar.	....	....	....	....	....	5,378	4,481	3,971	510	253	644
Apr.	....	....	....	....	....	4,293	3,193	2,771	422	349	751
May	....	....	....	....	....	5,628	4,298	3,796	502	346	984
June	....	....	....	....	....	5,618	4,613	3,943	670	230	775
July	....	....	....	....	....	4,388	3,731	2,658	1,073	198	459
Aug.	....	....	....	....	....	2,399	1,836	1,356	480	129	434
Sept.	....	....	....	....	....	2,830	1,994	1,414	580	308	528
Oct.	....	....	....	....	....	4,573	3,026	2,389	637	332	1,215

Period	Gross proceeds, major groups of corporate issuers											
	Manufacturing		Commercial and miscellaneous		Transportation		Public utility		Communication		Real estate and financial	
	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks
1971	9,551	2,102	2,158	2,370	2,006	434	7,576	4,201	4,222	1,596	6,484	2,204
1972	4,796	1,812	2,669	2,878	1,767	187	6,398	4,967	3,680	1,127	8,415	2,096
1973	4,329	643	1,283	1,559	1,881	43	5,585	4,661	3,535	1,369	5,661	2,860
1974	9,890	543	1,851	956	983	22	8,872	3,964	3,710	222	6,241	587
1974—Oct.	725	3	102	29	306	....	1,414	695	439	36	791	69
Nov.	1,697	2	116	100	336	....	739	225	62	31	397	44
Dec.	1,456	196	180	23	14	....	435	194	150	25	817	15
1975—Jan.	1,901	3	179	58	84	....	764	507	933	5	931	....
Feb.	1,631	44	65	60	75	....	1,471	486	126	1	539	32
Mar.	2,368	111	271	74	83	....	828	679	317	....	614	34
Apr.	1,498	233	293	211	97	....	794	586	354	61	156	9
May	2,266	214	242	141	415	1	845	704	153	260	379	10
June	2,195	123	384	194	231	....	838	640	362	....	603	47
July	1,116	64	229	231	338	....	713	324	254	16	1,081	22
Aug.	610	101	141	70	17	....	719	305	93	19	255	68
Sept.	583	106	57	37	151	....	720	541	249	48	234	105
Oct.	731	142	321	152	625	....	550	676	371	555	427	23

1 Gross proceeds are derived by multiplying principal amounts or number of units by offering price.
2 Includes guaranteed issues.
3 Issues not guaranteed.
4 See NOTE to table at bottom of opposite page.
5 Foreign governments and their instrumentalities, International Bank for Reconstruction and Development, and domestic nonprofit organizations.

NOTE.—Securities and Exchange Commission estimates of new issues maturing in more than 1 year sold for cash in the United States.

NET CHANGE IN OUTSTANDING CORPORATE SECURITIES

(In millions of dollars)

Period	Derivation of change, all issuers[1]								
	All securities			Bonds and notes			Common and preferred stocks		
	New issues	Retirements	Net change	New issues	Retirements	Net change	New issues	Retirements	Net change
1971	46,687	9,507	37,180	31,917	8,190	23,728	14,769	1,318	13,452
1972	42,306	10,224	32,082	27,065	8,003	19,062	15,242	2,222	13,018
1973	33,559	11,804	21,754	21,501	8,810	12,691	12,057	2,993	9,064
1974	39,334	9,935	29,399	31,554	6,255	25,098	7,980	3,678	4,302
1974—III	8,452	2,985	5,467	6,611	1,225	5,386	1,841	1,759	82
IV	12,272	2,871	9,401	10,086	2,004	8,082	2,186	866	1,319
1975—I	15,211	2,088	13,123	12,759	1,587	11,172	2,452	501	1,951
II	15,602	3,211	12,390	11,460	2,336	9,124	4,142	875	3,266
III	9,079	2,576	6,503	6,654	2,111	4,543	2,425	465	1,960

Period	Type of issues											
	Manufacturing		Commercial and other[2]		Transportation[3]		Public utility		Communication		Real estate and financial[1]	
	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks
1971	6,585	2,534	827	2,290	900	800	6,486	4,206	3,925	1,600	5,005	2,017
1972	1,995	2,094	1,409	2,471	711	254	5,137	4,844	3,343	1,260	7,045	2,096
1973	801	658	−109	1,411	1,044	−93	4,265	4,509	3,165	1,399	3,523	1,181
1974	7,404	17	1,116	−135	341	−20	7,308	3,834	3,499	398	5,428	207
1974—III	1,479	−421	189	−664	49	6	1,358	862	1,116	222	1,194	88
IV	3,098	126	240	−47	342	9	2,079	1,107	628	107	1,695	17
1975—I	5,134	262	373	77	1	1	2,653	1,569	1,269	24	1,742	18
II	4,574	500	483	490	429	7	1,977	1,866	810	359	852	43
III	1,442	412	221	108	147	53	1,395	1,043	472	97	866	247

[1] Excludes investment companies.
[2] Extractive and commercial and miscellaneous companies.
[3] Railroad and other transportation companies.

NOTE. Securities and Exchange Commission estimates of cash transactions only. As contrasted with data shown on preceding page, new issues exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, and also new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements are defined in the same way and also include securities retired with internal funds or with proceeds of issues for that purpose.

OPEN-END INVESTMENT COMPANIES

(In millions of dollars)

Year	Sales and redemption of own shares			Assets (market value at end of period)		
	Sales[1]	Redemptions	Net sales	Total[2]	Cash position[3]	Other
1963	2,460	1,504	952	25,214	1,341	23,873
1964	3,404	1,875	1,528	29,116	1,329	27,787
1965	4,359	1,962	2,395	35,220	1,803	33,417
1966	4,671	2,005	2,665	34,829	2,971	31,858
1967	4,670	2,745	1,927	44,701	2,566	42,135
1968	6,820	3,841	2,979	52,677	3,187	49,490
1969	6,717	3,661	3,056	48,291	3,846	44,445
1970	4,624	2,987	1,637	47,618	3,649	43,969
1971	5,145	4,751	394	55,045	3,038	52,007
1972	4,892	6,563	−1,671	59,831	3,035	56,796
1973	4,358	5,651	−1,261	46,518	4,002	42,516
1974	5,346	3,937	1,409	35,777	5,637	30,140
1975	10,057	9,571	486	42,179	3,748	38,431

Month	Sales and redemption of own shares			Assets (market value at end of period)		
	Sales[1]	Redemptions	Net sales	Total[2]	Cash position[3]	Other
1974—Dec.	736	411	325	35,777	5,637	30,140
1975—Jan.	1,067	428	639	37,407	3,889	33,518
Feb.	889	470	419	39,330	4,006	35,324
Mar.	847	623	224	40,449	3,870	36,579
Apr.	808	791	17	42,353	3,841	38,512
May	677	735	−58	43,832	3,879	39,953
June	r703	811	−108	45,538	3,640	41,898
July	763	981	−239	42,896	3,591	39,305
Aug.	753	788	−35	41,672	3,660	38,012
Sept.	760	874	−114	40,234	3,664	36,570
Oct.	914	995	−81	41,860	3,601	38,259
Nov.r	786	911	−125	42,460	3,733	38,727
Dec.	1,040	1,093	−53	42,179	3,748	38,431

[1] Includes contractual and regular single-purchase sales, voluntary and contractual accumulation plan sales, and reinvestment of investment income dividends; excludes reinvestment of realized capital gains dividends.
[2] Market value at end of period less current liabilities.
[3] Cash and deposits, receivables, all U.S. Govt. securities, and other short-term debt securities less current liabilities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

CORPORATE PROFITS, TAXES, AND DIVIDENDS

(In billions of dollars)

Year	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances [1]
1968r	85.6	39.3	46.2	21.9	24.2	44.4
1969r	83.5	39.7	43.8	22.6	21.2	49.4
1970r	71.5	34.5	37.0	22.9	14.1	55.1
1971r	82.0	37.7	44.3	23.0	21.3	60.6
1972r	96.2	41.5	54.7	24.6	30.0	65.3
1973r	117.0	48.3	68.7	27.8	40.7	71.8
1974r	132.1	52.6	79.5	31.1	48.4	82.0

Quarter	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances [1]
1973—IV	119.1	48.6	70.5	29.5	40.9	75.6
1974 I	128.3	49.4	78.9	30.0	48.9	77.5
II	129.6	52.6	77.1	30.9	46.2	80.1
III	146.7	59.3	87.4	31.7	55.7	83.4
IV	123.9	49.2	74.7	31.7	43.0	87.2
1975—I	97.1	37.2	59.9	32.1	27.8	89.1
II	108.2	41.2	66.9	32.6	34.3	91.6
III	129.5	50.4	79.1	33.5	45.6	95.5

1 Includes depreciation, capital outlays charged to current accounts, and accidental damages.

NOTE.—Dept. of Commerce estimates. Quarterly data are at seasonally adjusted annual rates.

CURRENT ASSETS AND LIABILITIES OF NONFINANCIAL CORPORATIONS

(In billions of dollars)

End of period	Net working capital	Current assets: Total	Cash	U.S. Govt. securities	Notes and accts. receivable: U.S. Govt.[1]	Notes and accts. receivable: Other	Inventories	Other	Current liabilities: Total	Notes and accts. payable: U.S. Govt.[1]	Notes and accts. payable: Other	Accrued Federal income taxes	Other
1970	187.4	492.3	50.2	7.7	4.2	201.9	193.3	35.0	304.9	6.6	204.7	10.0	83.6
1971	203.6	529.6	53.3	11.0	3.5	217.6	200.4	43.8	326.0	4.9	215.6	13.1	92.4
1972	221.3	573.5	57.5	9.3	3.4	240.0	215.2	48.1	352.2	4.0	230.4	15.1	102.6
1973—II	235.4	608.2	59.0	10.0	2.9	255.4	230.1	50.8	372.7	4.5	241.7	15.0	111.6
III	239.5	625.3	58.9	9.7	3.0	264.4	238.0	51.3	385.8	4.4	250.2	16.5	114.7
IV	242.3	643.2	61.6	11.0	3.5	266.1	246.7	54.4	401.0	4.3	261.6	18.1	117.0
1974—I	250.1	666.2	59.4	12.1	3.2	276.2	258.4	56.9	416.1	4.5	266.5	20.6	124.5
II	253.9	685.4	58.8	10.7	3.4	289.8	269.2	53.5	431.5	4.7	278.5	19.0	129.1
III	259.5	708.6	60.3	11.0	3.5	295.5	282.1	56.1	449.1	5.1	287.0	22.7	134.3
IV	261.5	712.2	62.7	11.7	3.5	289.7	288.0	56.6	450.6	5.2	287.5	23.2	134.8
1975—I	260.4	698.4	60.6	12.1	3.2	281.9	285.2	55.4	438.0	5.3	271.2	21.8	139.8
II	269.0	703.2	63.7	12.7	3.3	284.8	281.4	57.3	434.2	5.8	270.1	17.7	140.6
III	271.8	716.5	65.6	14.3	3.3	294.7	279.6	59.0	444.7	6.2	273.4	19.4	145.6

1 Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

NOTE.—Based on Securities and Exchange Commission estimates.

BUSINESS EXPENDITURES ON NEW PLANT AND EQUIPMENT

(In billions of dollars)

Period	Total	Manufacturing: Durable	Manufacturing: Nondurable	Mining	Transportation: Railroad	Transportation: Air	Transportation: Other	Public utilities: Electric	Public utilities: Gas and other	Communications	Other[1]	Total (S.A. A.R.)
1971	81.21	14.15	15.84	2.16	1.67	1.88	1.38	12.86	2.44	10.77	18.05	....
1972	88.44	15.64	15.72	2.45	1.80	2.46	1.46	14.48	2.52	11.89	20.07	....
1973	99.74	19.25	18.76	2.74	1.96	2.41	1.66	15.94	2.76	12.85	21.40	....
1974	112.40	22.62	23.39	3.18	2.54	2.00	2.12	17.63	2.92	13.96	22.05	....
1973—IV	28.48	5.84	5.59	.71	.56	.60	.47	4.54	.82	3.53	5.83	103.74
1974—I	24.10	4.74	4.75	.68	.50	.47	.34	3.85	.52	3.19	5.05	107.27
II	28.16	5.59	5.69	.78	.64	.61	.49	4.56	.75	3.60	5.46	111.40
III	28.23	5.65	5.96	.80	.64	.43	.58	4.42	.78	3.39	5.57	113.99
IV	31.92	6.64	6.99	.91	.78	.48	.71	4.80	.87	3.78	5.97	116.22
1975—I	25.82	5.10	5.74	.91	.59	.44	.62	3.84	.58	3.11	4.88	114.57
II	28.43	5.59	6.55	.97	.71	.47	.77	4.15	.79	3.22	5.19	112.46
III	27.79	5.16	6.51	.94	.62	.50	.85	4.16	.91	3.14	5.00	112.16
IV	31.45	6.20	7.46	1.00	.61	.43	.65	4.88	1.00	9.21		114.80
1976—I[2]	26.54	4.94	6.04	.96	.60	.29	.65	4.46	.69	7.90		118.16

1 Includes trade, service construction, finance, and insurance.
2 Anticipated by business.

NOTE.—Dept. of Commerce estimates for corporate and noncorporate business; excludes agriculture, real estate operators, medical, legal, educational, and cultural service, and nonprofit organizations.

MORTGAGE DEBT OUTSTANDING BY TYPE OF HOLDER

(In millions of dollars)

Type of holder, and type of property	End of year			End of quarter				
	1971	1972	1973	1974		1975		
				III r	IV r	I r	II r	III
ALL HOLDERS	**499,758**	**564,825**	**634,954**	**r678,622**	**r688,654**	**r695,354**	**r709,555**	**r725,396**
1- to 4-family	307,241	345,349	384,613	r407,421	r411,520	r414,663	r424,197	r434,976
Multifamily	67,341	76,690	85,421	r90,007	r91,872	r92,451	r93,070	r94,254
Commercial	92,318	107,349	125,572	138,002	140,965	142,701	145,353	r148,182
Farm	32,858	35,437	39,348	43,192	44,297	45,539	46,935	r47,984
PRIVATE FINANCIAL INSTITUTIONS	**394,239**	**450,000**	**505,400**	**537,430**	**542,552**	**546,689**	**558,179**	**r569,499**
1- to 4-family	253,581	288,018	320,420	338,166	340,007	342,313	350,198	r358,275
Multifamily	*52,472*	*59,398*	*64,750*	*67,486*	*68,161*	*68,095*	*68,453*	*r68,931*
Commercial	78,330	92,063	108,735	119,465	121,948	123,684	126,634	r129,263
Farm	9,856	10,521	11,495	12,313	12,436	12,597	12,894	r13,030
Commercial banks[1]	*82,515*	*99,314*	*119,068*	*130,582*	*132,105*	*131,903*	*133,012*	*134,025*
1- to 4-family	48,020	57,004	67,998	73,987	74,758	74,696	75,356	75,979
Multifamily	3,984	5,778	6,932	7,496	7,619	7,176	6,816	6,701
Commercial	26,306	31,751	38,696	43,092	43,679	43,924	44,598	45,032
Farm	4,205	4,781	5,442	6,007	6,049	6,107	6,242	6,313
Mutual savings banks	*61,978*	*67,556*	*73,230*	*74,809*	*74,920*	*75,157*	*75,796*	*76,429*
1- to 4-family	38,641	41,650	44,246	44,604	44,670	44,795	45,175	45,552
Multifamily	14,386	15,490	16,843	17,208	17,234	17,291	17,433	17,579
Commercial	8,901	10,354	12,084	12,938	12,956	12,996	13,112	13,221
Farm	50	62	57	59	60	75	76	77
Savings and loan associations	*174,250*	*206,182*	*231,733*	*247,612*	*249,293*	*252,442*	*261,336*	*r270,600*
1- to 4-family	142,275	167,049	187,750	200,343	201,553	204,099	211,290	r218,780
Multifamily	17,355	20,783	22,524	23,573	23,683	23,831	24,409	r24,895
Commercial	14,620	18,350	21,459	23,696	24,057	24,512	25,637	r26,925
Life insurance companies	*75,496*	*76,948*	*81,369*	*84,427*	*86,234*	*87,187*	*88,035*	*r88,445*
1- to 4-family	24,645	22,315	20,426	19,232	19,026	18,723	18,377	r17,964
Multifamily	16,747	17,347	18,451	19,209	19,625	19,797	19,795	r19,756
Commercial	28,503	31,608	36,496	39,739	41,256	42,252	43,287	r44,085
Farm	5,601	5,678	5,996	6,247	6,327	6,415	6,576	r6,640
FEDERAL AND RELATED AGENCIES	**39,357**	**45,790**	**55,664**	**r67,852**	**r72,382**	**r75,995**	**r79,954**	**r84,525**
1- to 4-family	26,453	30,147	35,454	r43,116	r45,674	r47,511	r50,260	r53,162
Multifamily	4,555	6,086	8,489	r10,739	r11,979	r12,924	r13,285	r14,291
Commercial	11	....	....	....	....	....	....	....
Farm	8,338	9,557	11,721	13,997	14,729	15,560	16,409	17,072
Government National Mortgage Association	*5,323*	*5,113*	*4,029*	*4,052*	*4,848*	*5,584*	*5,612*	*6,537*
1- to 4-family	2,770	2,490	1,330	1,337	1,600	1,843	1,852	2,157
Multifamily	2,542	2,623	2,699	2,715	3,248	3,741	3,760	4,380
Commercial	11	....	....	....	....	....	....	....
Farmers Home Administration	*819*	*837*	*1,200*	*1,500*	*1,600*	*1,700*	*1,800*	*1,900*
1- to 4-family	398	387	550	688	734	780	826	872
Farm	421	450	650	812	866	920	974	1,028
Federal Housing and Veterans Administrations	*3,389*	*3,338*	*3,476*	*r3,788*	*r4,015*	*r4,047*	*r4,297*	*r4,681*
1- to 4-family	2,517	2,199	2,013	r1,965	r2,009	r1,879	r1,915	r1,951
Multifamily	872	1,139	1,463	r1,823	r2,006	r2,168	r2,382	r2,730
Federal National Mortgage Association	*17,791*	*19,791*	*24,175*	*28,641*	*29,578*	*29,754*	*30,015*	*31,055*
1- to 4-family	16,681	17,697	20,370	23,258	23,778	23,743	23,988	25,049
Multifamily	1,110	2,094	3,805	5,383	5,800	6,011	6,027	6,006
Federal land banks (farm only)	7,917	9,107	11,071	13,185	13,863	14,640	15,435	16,044
Federal Home Loan Mortgage Corporation	*964*	*1,789*	*2,604*	*3,713*	*4,586*	*4,608*	*4,944*	*5,033*
1- to 4-family	934	1,754	2,446	3,414	4,217	4,231	4,543	4,632
Multifamily	30	35	158	299	369	377	401	401
GNMA Pools	*3,154*	*5,815*	*9,109*	*12,973*	*13,892*	*15,662*	*17,851*	*19,275*
1- to 4-family	3,153	5,620	8,745	12,454	13,336	15,035	17,136	18,501
Multifamily	1	195	364	519	556	627	715	774
INDIVIDUALS AND OTHERS[2]	**66,162**	**69,035**	**73,890**	**73,340**	**73,720**	**r72,670**	**r71,422**	**r71,372**
1- to 4-family	27,207	27,184	28,739	26,139	25,839	24,839	23,739	r23,539
Multifamily	10,314	11,206	12,182	11,782	11,732	r11,432	r11,332	r11,032
Commercial	13,977	15,286	16,837	18,537	19,017	19,017	18,719	r18,919
Farm	14,664	15,359	16,132	16,882	17,132	17,382	17,632	17,882

[1] Includes loans held by nondeposit trust companies but not bank trust departments.

[2] Includes some U S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, where not reported directly, and interpolations and extrapolations where required, estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 more units.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AND FEDERAL HOME LOAN MORTGAGE CORPORATION—SECONDARY MORTGAGE MARKET ACTIVITY

(In millions of dollars)

End of period	FNMA							FHLMC						
	Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments		Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments	
	Total[1]	FHA-insured	VA-guaranteed	Purchases	Sales	Made during period	Outstanding	Total	FHA-VA	Conventional	Purchases	Sales	Made during period	Outstanding
1971	17,791	12,681	5,110	3,574	336	9,828	6,497	968	821	147	778	64	....	182
1972	19,791	14,624	5,112	3,699	211	8,797	8,124	1,789	1,503	286	1,298	408	1,606	198
1973	24,175	16,852	6,352	6,127	71	8,914	7,889	2,604	1,743	861	1,334	409	1,629	186
1974	29,578	19,189	8,310	6,953	5	10,765	7,960	4,586	1,904	2,682	2,191	52	4,553	2,390
1974—Dec.	29,578	19,189	8,310	278	....	231	7,960	4,586	1,904	2,682	266	16	34	2,390
1975—Jan.	29,670	19,231	8,318	208	....	146	7,285	4,744	1,900	2,845	199	26	26	2,190
Feb.	29,718	19,256	8,313	169	....	137	6,672	4,533	1,893	2,640	113	309	21	2,070
Mar.	29,754	19,277	8,304	151	1	639	6,636	4,608	1,887	2,722	113	19	52	1,040
Apr.	29,815	19,282	8,337	211	....	913	6,890	4,634	1,890	2,744	121	71	297	1,161
May	29,858	19,251	8,395	247	....	621	6,615	4,773	1,920	2,854	203	38	42	969
June	30,015	19,282	8,498	326	....	557	6,549	4,944	1,936	3,008	210	5	28	700
July	30,351	19,385	8,693	538	....	575	6,119	5,015	1,943	3,072	161	63	139	530
Aug.	30,777	19,507	8,942	594	....	814	5,888	4,942	1,863	3,080	98	145	132	509
Sept.	31,055	19,560	9,122	488	....	575	5,399	5,033	1,852	3,181	148	31	79	403
Oct.	31,373	19,641	9,309	508	....	282	4,685	5,119	1,843	3,276	176	59	45	201
Nov.	31,552	19,648	9,430	372	....	332	4,385	4,971	1,834	3,137	104	225	50	124
Dec.	31,824	19,732	9,573	451	....	517	4,126	....	....	....	....	....	....	....

1 Includes conventional loans not shown separately.

NOTE.—Data from FNMA and FHLMC, respectively.

For FNMA: Holdings include loans used to back bond issues guaranteed by GNMA. Commitments include some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA Tandem Plans.

For FHLMC: Holdings and transactions cover participations as well as whole loans. Holdings include loans used to back bond issues guranteed by GNMA. Commitments cover the conventional and Govt.-underwritten loan programs.

TERMS AND YIELDS ON NEW HOME MORTGAGES

Period	Conventional mortgages								FHA-insured loans—Yield in private secondary market[5]
	Terms[1]						Yields (per cent) in primary market		
	Contract rate (per cent)	Fees and charges (per cent)[2]	Maturity (years)	Loan/price ratio (per cent)	Purchase price (thous. of dollars)	Loan amount (thous. of dollars)	FHLBB series[3]	HUD series[4]	
1971	7.60	.87	26.2	74.3	36.3	26.5	7.74	7.75	7.70
1972	7.45	.88	27.2	76.8	37.3	28.1	7.60	7.64	7.53
1973	7.78	1.11	26.3	77.3	37.1	28.1	7.95	8.30	8.19
1974	8.71	1.30	26.3	75.8	40.1	29.8	8.92	9.22	9.55
1974—Dec.	9.13	1.44	27.5	75.5	42.4	31.3	9.37	9.45	9.51
1975—Jan.	9.09	1.51	26.7	73.8	43.2	31.6	9.33	9.15	8.99
Feb.	8.88	1.44	26.8	76.5	44.4	33.0	9.12	9.05	8.84
Mar.	8.79	1.61	26.5	75.1	45.9	33.7	9.06	8.90	8.69
Apr.	8.71	1.53	26.5	76.4	44.5	33.4	8.96	9.00	....
May	8.63	1.63	27.0	75.5	43.5	32.2	8.90	9.05	9.16
June	8.73	1.42	26.5	76.4	43.1	32.4	8.96	9.00	9.06
July	8.66	1.40	26.0	75.9	44.1	32.9	8.89	9.00	9.13
Aug.	8.63	1.56	26.7	77.0	44.6	33.7	8.89	9.15	9.32
Sept.	8.70	1.46	26.7	75.9	45.6	34.1	8.94	9.25	9.74
Oct.	8.75	1.59	27.3	77.5	43.9	33.2	9.01	9.25	9.53
Nov.[r]	8.74	1.65	27.6	76.5	46.4	34.8	9.01	9.20	9.41
Dec.[p]	8.76	1.57	27.7	76.8	46.0	34.7	9.01	9.15	9.32

1 Weighted averages based on probability sample survey of characteristics of mortgages originated by major institutional lender groups (including mortgage companies) for purchase of single-family homes, as compiled by Federal Home Loan Bank Board in cooperation with Federal Deposit Insurance Corporation. Data are not strictly comparable with earlier figures beginning Jan. 1973.

2 Fees and charges—related to principal mortgage amount—include loan commissions, fees, discounts, and other charges, but exclude closing costs related solely to transfer of property ownership.

3 Effective rate, reflecting fees and charges as well as contract rates (as shown in first column of this table) and an assumed prepayment at end of 10 years.

4 Rates on first mortgages, unweighted and rounded to the nearest 5 basis points.

5 Based on opinion reports submitted by field offices of prevailing local conditions as of the first of the succeeding month. Yields are derived from weighted averages of private secondary market prices for Sec. 203, 30-year mortgages with minimum downpayment and an assumed prepayment at the end of 15 years. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract interest rates.

NOTE TO TABLE AT BOTTOM OF PAGE A-44.

American Life Insurance Association data for new commitments of $100,000 and over each on mortgages for multifamily and nonresidential nonfarm properties located largely in the United States. The 15 companies account for a little more than one-half of both the total assets and the nonfarm mortgages held by all U.S. life insurance companies. Averages, which are based on number of loans, vary in part with loan composition by type and location of property, type and purpose of loan, and loan amortization and prepayment terms. Data for the following are limited to cases where information was available or estimates could be made: capitalization rate (net stabilized property earnings divided by property value); debt coverage ratio (net stabilized earnings divided by debt service); and per cent constant (annual level payment, including principal and interest, per $100 of debt). All statistics exclude construction loans, increases in existing loans in a company's portfolio, reapprovals, and loans secured by land only.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AUCTIONS OF COMMITMENTS TO BUY HOME MORTGAGES

Item	Date of auction											
	1975										1976	
	Aug. 25	Sept. 8	Sept. 22	Oct. 6	Oct. 20	Nov. 3	Nov. 17	Dec. 1	Dec. 15	Dec. 29	Jan. 12	Jan. 26
Amounts (millions of dollars):												
Govt.-underwritten loans												
Offered[1]	643.1	530.1	293.6	198.5	43.2	69.8	293.1	255.9	287.1	95.3	58.4	103.9
Accepted	223.0	197.7	142.0	143.0	23.2	41.7	180.6	138.5	158.8	52.7	31.5	57.7
Conventional loans												
Offered[1]	98.5	96.9	68.8	27.5	9.7	19.6	68.6	73.9	69.7	41.8	42.7	33.4
Accepted	31.0	43.9	35.2	23.5	9.2	15.2	34.6	40.5	31.2	11.8	32.1	24.7
Average yield (per cent) on short-term commitments[2]												
Govt.-underwritten loans	9.50	9.70	9.86	9.95	9.65	9.32	9.33	9.32	9.31	9.29	9.13	9.07
Conventional loans	9.55	9.75	9.92	10.02	9.81	9.54	9.40	9.38	9.36	9.35	9.28	9.22

[1] Mortgage amounts offered by bidders are total bids received.
[2] Average accepted bid yield (before deduction of 38 basis-point fee paid for mortgage servicing) for home mortgages assuming a prepayment period of 12 years for 30-year loans, without special adjustment for FNMA commitment fees and FNMA stock purchase and holding requirements. Commitments mature in 4 months.

MAJOR HOLDERS OF FHA-INSURED AND VA-GUARANTEED RESIDENTIAL MORTGAGE DEBT

(End of period, in billions of dollars)

Holder	Mar. 31, 1974	June 30, 1974	Sept. 30, 1974	Dec. 31, 1974	Mar. 31, 1975	June 30, 1975	Sept. 30, 1975
All holders	136.7	137.8	138.6	140.3	142.0	143.0	144.9
FHA	85.0	84.9	84.1	84.1	84.3	85.0	85.1
VA	51.7	52.9	54.5	56.2	57.7	58.0	59.8
Commercial banks	11.1	11.0	10.7	10.4	10.5	r9.6	9.7
FHA	7.8	7.6	7.4	7.2	7.2	r6.4	6.4
VA	3.3	3.4	3.3	3.2	3.3	r3.2	3.3
Mutual savings banks	28.2	27.9	27.8	27.5	r27.2	r27.2	27.0
FHA	15.3	15.1	15.0	14.8	r14.7	r14.7	14.5
VA	12.9	12.8	12.8	12.7	r12.5	r12.5	12.5
Savings and loan assns.	....	....	....	....	....	....	....
FHA VA	29.8	29.7	29.9	29.9	29.9	30.2	30.4
Life insurance cos.	13.3	13.1	12.9	12.7	12.5	12.2	12.1
FHA	9.0	8.8	8.7	8.6	8.4	8.2	8.1
VA	4.3	4.3	4.2	4.2	4.1	4.0	4.0
Others	54.3	56.1	57.4	59.9	61.6	62.2	65.7
FHA	....	....	....	....	....	....	....
VA	....	....	....	....	....	....	....

NOTE.—VA-guaranteed residential mortgage debt is for 1- to 4-family properties while FHA-insured includes some debt in multifamily structures. Detail by type of holder partly estimated by Federal Reserve for first and third quarters, and for most recent quarter.

COMMITMENTS OF LIFE INSURANCE COMPANIES FOR INCOME PROPERTY MORTGAGES

Period	Number of loans	Total amount committed (millions of dollars)	Averages						
			Loan amount (thousands of dollars)	Contract interest rate (per cent)	Maturity (yrs./mos.)	Loan-to-value ratio (per cent)	Capitalization rate (per cent)	Debt coverage ratio	Per cent constant
1971	1,664	3,982.5	2,393	9.07	22/10	74.9	10.0	1.29	10.4
1972	2,132	4,986.5	2,339	8.57	23/3	75.2	9.6	1.29	9.8
1973	2,140	4,833.3	2,259	8.76	23/3	74.3	9.5	1.29	10.0
1974	1,166	2,603.0	2,232	9.47	21/3	74.3	10.1	1.29	10.6
1974—Sept.	95	241.6	2,543	10.04	20/11	74.4	10.3	1.29	11.1
Oct.	57	108.3	1,899	10.29	19/7	74.6	10.6	1.25	11.5
Nov.	47	79.7	1,695	10.37	18/4	74.0	10.7	1.26	11.6
Dec.	37	140.0	3,784	10.28	19/10	74.8	11.0	1.33	11.3
1975—Jan.	31	43.8	1,414	10.44	18/4	71.9	11.0	1.33	11.9
Feb.	46	94.6	2,057	10.08	22/11	74.3	10.9	1.34	11.0
Mar.	46	109.6	2,382	10.37	23/1	74.1	11.3	1.34	11.3
Apr.	32	108.4	3,386	10.02	23/0	75.6	10.8	1.36	10.8
May	73	227.5	3,116	10.23	20/9	74.7	10.8	1.30	11.1
June	61	167.5	2,745	10.11	21/9	73.0	10.5	1.29	11.2
July	53	178.6	3,370	10.19	20/7	74.6	10.9	1.31	11.3
Aug.	44	106.5	2,420	10.26	21/2	72.7	10.8	1.32	11.4
Sept.	57	123.8	2,172	10.24	22/8	73.6	10.7	1.37	11.1

See NOTE on preceding page.

INSTALMENT CREDIT—TOTAL OUTSTANDING, AND NET CHANGE

(In millions of dollars)

Holder, and type of credit	1973	1974	1975	1975 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Amounts outstanding (end of period)									
TOTAL	148,273	158,101	161,819	154,283	155,419	156,765	157,720	158,390	159,200	161,819
By holder:										
Commercial banks	71,871	75,846	75,710	73,687	74,232	74,701	75,024	75,286	75,174	75,710
Finance companies	37,243	38,925	38,932	37,828	38,177	38,340	38,375	38,411	38,642	38,932
Credit unions	19,609	22,116	25,354	23,186	23,507	24,043	24,510	24,706	24,934	25,354
Retailers[1]	16,395	17,933	18,328	16,079	15,963	16,172	16,232	16,444	16,860	18,328
Others[2]	3,155	3,281	3,495	3,503	3,540	3,509	3,579	3,543	3,590	3,495
By type of credit:										
Automobile, total	51,274	52,209	53,629	51,453	52,088	52,545	52,852	53,286	53,479	53,629
Commercial banks	31,502	30,994	30,198	29,633	29,923	30,000	30,031	30,259	30,235	30,198
Finance companies	11,927	12,435	13,364	12,571	12,793	12,982	13,066	13,203	13,325	13,364
Credit unions	7,456	8,414	9,653	8,823	8,945	9,149	9,329	9,403	9,491	9,653
Others	389	366	414	426	427	414	426	421	428	414
Mobile homes:										
Commercial banks	8,340	8,972	8,420	8,639	8,606	8,583	8,566	8,519	8,502	8,420
Finance companies	3,378	3,570	3,504	3,508	3,503	3,498	3,499	3,498	3,519	3,504
Home improvement, total	7,453	8,398	8,301	8,202	8,272	8,329	8,372	8,374	8,361	8,301
Commercial banks	4,083	4,694	4,813	4,632	4,695	4,757	4,797	4,824	4,827	4,813
Revolving credit:										
Bank credit cards	6,838	8,281	9,078	8,015	8,088	8,259	8,414	8,450	8,500	9,078
Bank check credit	2,254	2,797	2,883	2,741	2,765	2,793	2,826	2,834	2,822	2,883
All other	68,736	73,874	76,004	71,727	72,096	72,757	73,192	73,430	74,018	76,004
Commercial banks, total	18,854	20,108	20,318	20,029	20,154	20,308	20,390	20,401	20,289	20,318
Personal loans	12,873	13,771	14,035	13,659	13,731	13,856	13,935	14,005	13,943	14,035
Finance companies, total	21,021	21,927	21,465	20,942	21,103	21,119	21,104	21,037	21,158	21,465
Personal loans	16,587	17,176	17,179	16,654	16,845	16,868	16,858	16,822	16,942	17,179
Credit unions	11,564	13,037	14,937	13,665	13,855	14,170	14,443	14,559	14,692	14,937
Retailers	16,395	17,933	18,328	16,079	15,963	16,172	16,232	16,444	16,860	18,328
Others	902	869	956	1,012	1,021	988	1,022	989	1,019	956
	Net change (during period)[3]									
TOTAL	20,826	9,824	3,719	208	886	637	759	830	805	894
By holder:										
Commercial banks	11,002	3,971	-134	-39	302	209	295	309	233	310
Finance companies	5,155	1,682	7	9	197	21	95	36	157	34
Credit unions	2,696	2,507	3,237	273	316	291	428	255	270	471
Retailers	1,632	1,538	395	-102	-14	181	107	258	84	125
Others	341	126	214	67	86	-65	49	29	61	-44
By type of credit:										
Automobile, total	6,980	935	1,420	2	383	213	385	389	404	540
Commercial banks	4,196	-508	-796	-139	135	8	117	164	163	260
Finance companies	1,753	508	929	58	127	126	91	103	144	89
Credit unions	1,024	958	1,239	76	122	86	154	122	91	184
Other	7	-23	48	7	-1	-7	23	1	5	6
Mobile homes:										
Commercial banks	1,933	634	-553	-49	-32	-24	-17	-62	6	61
Finance companies	462	192	-66	-2	17	11	-10	-7	26	-10
Home improvement, total	1,196	946	-100	10	38	-4	19	-6	38	23
Commercial banks	483	612	114	6	31	24	27	23	42	41
Revolving credit:										
Bank credit cards	1,428	1,442	798	102	69	113	106	78	29	-49
Bank check credit	479	543	86	-12	15	12	14	17	2	13
All other	8,344	5,141	2,133	156	430	338	262	420	312	440
Commercial banks, total	2,479	1,257	213	53	84	76	48	89	2	107
Personal loans	1,491	900	265	37	31	48	45	119	-6	149
Finance companies, total	2,520	906	-462	-21	115	-58	49	-27	20	-4
Personal loans	1,675	589	-3	-21	161	-38	59	-7	15	23
Credit unions	1,591	1,473	1,900	181	185	189	260	127	173	274
Retailers	1,632	1,538	395	-102	-14	181	-107	258	84	125
Others	122	-33	87	46	60	-49	13	-28	33	-61

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.
2 Mutual savings banks, savings and loan associations, and auto dealers.
3 Figures for all months are seasonally adjusted and equal extensions minus liquidations (repayments, charge-offs, and other credits).

NOTE.—Tables contain a few minor changes in monthly figures shown in January *Bulletin* due to rounding techniques.

INSTALMENT CREDIT EXTENSIONS AND REPAYMENTS

(In millions of dollars)

Holder, and type of credit	1973	1974	1975	1975 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
						Extensions[1]				
TOTAL	164,527	166,170	166,833	13,620	14,322	14,427	14,555	14,832	14,877	15,295
By holder:										
Commercial banks	72,216	72,602	73,186	5,940	6,311	6,362	6,529	6,518	6,599	6,796
Finance companies	43,221	41,809	39,543	3,316	3,423	3,387	3,459	3,412	3,712	3,530
Credit unions	21,143	22,403	24,151	1,900	2,098	2,056	2,156	2,187	1,995	2,381
Retailers[2]	25,440	27,034	27,369	2,199	2,208	2,479	2,164	2,531	2,302	2,431
Others[3]	2,507	2,322	2,584	264	282	144	247	183	268	158
By type of credit:										
Automobile, total	46,486	43,431	46,530	3,753	4,124	4,032	4,235	4,189	4,218	4,405
Commercial banks	29,368	26,407	26,693	2,132	2,371	2,355	2,436	2,434	2,460	2,591
Finance companies	9,685	8,851	9,651	787	868	805	865	836	831	897
Credit unions	7,009	7,788	9,702	789	847	840	873	878	885	875
Others	424	385	484	45	38	31	61	41	42	42
Mobile homes:										
Commercial banks	4,437	3,486	2,349	185	227	211	222	198	233	203
Finance companies	1,673	1,627	1,018	85	81	82	83	81	97	88
Home improvement, total	4,828	4,854	4,333	379	395	363	388	392	409	418
Commercial banks	2,489	2,790	2,515	204	222	219	224	238	243	253
Revolving credit:										
Bank credit cards	13,862	17,098	19,567	1,606	1,618	1,689	1,737	1,698	1,752	1,719
Bank check credit	3,373	4,228	4,214	327	346	353	350	357	348	412
All other	89,864	91,455	88,818	7,285	7,531	7,697	7,539	7,915	7,819	8,051
Commercial banks, total	18,683	18,602	17,844	1,485	1,527	1,535	1,560	1,593	1,562	1,619
Personal loans	12,927	13,177	12,623	1,049	1,026	1,083	1,105	1,144	1,076	1,178
Finance companies, total	31,032	30,764	28,654	2,418	2,454	2,482	2,489	2,474	2,771	2,527
Personal loans	18,915	18,827	18,406	1,596	1,621	1,653	1,624	1,613	1,674	1,513
Credit unions	13,768	14,228	13,992	1,066	1,210	1,169	1,238	1,269	1,074	1,461
Retailers	25,440	27,034	27,369	2,199	2,208	2,479	2,164	2,531	2,302	2,431
Others	941	827	959	117	132	32	89	48	111	14
						Repayments[1]				
TOTAL	143,701	156,346	163,113	13,412	13,436	13,790	13,795	14,002	14,072	14,401
By holder:										
Commercial banks	61,214	68,631	73,320	5,979	6,009	6,153	6,234	6,209	6,367	6,486
Finance companies	38,066	40,127	39,536	3,307	3,227	3,366	3,364	3,376	3,555	3,496
Credit unions	18,447	19,896	20,914	1,628	1,782	1,764	1,728	1,932	1,725	1,910
Retailers[2]	23,808	25,496	26,974	2,301	2,222	2,298	2,271	2,273	2,218	2,306
Others[3]	2,166	2,196	2,370	198	196	208	198	212	208	202
By type of credit:										
Automobile, total	39,506	42,496	45,110	3,751	3,741	3,818	3,849	3,800	3,814	3,865
Commercial banks	25,172	26,915	27,489	2,271	2,236	2,347	2,319	2,271	2,297	2,331
Finance companies	7,932	8,343	8,722	729	740	679	773	733	687	808
Credit unions	5,985	6,830	8,463	713	725	755	719	756	794	691
Others	417	408	436	38	39	38	38	40	37	36
Mobile homes:.										
Commercial banks	2,504	2,852	2,902	234	259	235	239	260	239	264
Finance companies	1,211	1,435	1,084	87	98	93	94	88	72	98
Home improvement, total	3,632	3,908	4,434	368	357	367	369	398	371	395
Commercial banks	2,006	2,178	2,400	198	191	195	197	214	202	212
Revolving credit:										
Bank credit cards	12,434	15,656	18,769	1,504	1,548	1,576	1,631	1,619	1,723	1,768
Bank check credit	2,894	3,685	4,128	340	331	341	336	340	346	399
All other	81,520	86,314	86,689	7,129	7,102	7,359	7,277	7,496	7,507	7,611
Commercial banks, total	16,204	17,345	17,635	1,432	1,443	1,459	1,512	1,504	1,560	1,512
Personal loans	11,436	12,277	12,361	1,012	995	1,035	1,060	1,025	1,082	1,029
Finance companies, total	28,512	29,858	29,116	2,439	2,339	2,540	2,440	2,501	2,751	2,531
Personal loans	17,240	18,238	18,403	1,617	1,460	1,691	1,565	1,620	1,659	1,490
Credit unions	12,177	12,755	12,092	885	1,025	981	978	1,142	901	1,187
Retailers	23,808	25,496	26,974	2,301	2,222	2,298	2,271	2,273	2,218	2,306
Others	819	860	872	72	72	81	76	76	77	75

[1] Monthly figures are seasonally adjusted.
[2] Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.
[3] Mutual savings banks, savings and loan associations, and auto dealers.

NOTE. Tables contain a few minor changes in monthly figures shown in January *Bulletin* due to rounding techniques.

FINANCE RATES ON SELECTED TYPES OF INSTALMENT CREDIT

(Per cent per annum)

Month	Commercial banks: New automobiles (36 mos.)	Commercial banks: Mobile homes (84 mos.)	Commercial banks: Other consumer goods (24 mos.)	Commercial banks: Personal loans (12 mos.)	Commercial banks: Credit-card plans	Finance companies: Automobiles: New	Finance companies: Automobiles: Used	Finance companies: Mobile homes	Finance companies: Other consumer goods	Finance companies: Personal loans
1974—Jan.	10.55	11.09	12.78	12.96	17.25	12.39	16.56	r13.27	18.90	r20.64
Feb.	10.53	11.25	12.82	13.02	17.24	12.33	16.62	....	....	....
Mar.	10.50	10.92	12.82	13.04	17.23	12.29	16.69	13.15	18.69	r20.53
Apr.	10.51	11.07	12.81	13.00	17.25	12.28	16.76	....	....	....
May	10.63	10.96	12.88	13.10	17.25	12.36	16.86	r13.08	18.90	r20.54
June	10.81	11.21	13.01	13.20	17.23	12.50	17.06	....	....	....
July	10.96	11.46	13.14	13.42	17.20	12.58	17.18	r13.22	r19.25	r20.74
Aug.	11.15	11.71	13.10	13.45	17.21	12.67	17.32	....	....	....
Sept.	11.31	11.72	13.20	13.41	17.15	12.84	17.61	r13.43	r19.31	r20.87
Oct.	11.53	11.94	13.28	13.60	17.17	12.97	17.78	....	....	....
Nov.	11.57	11.87	13.16	13.47	17.16	13.06	17.88	13.60	19.49	r21.11
Dec.	11.62	11.71	13.27	13.60	17.21	13.10	17.89	....	....	....
1975—Jan.	11.61	11.66	13.28	13.60	17.12	13.08	17.27	13.60	19.80	r21.09
Feb.	11.51	12.14	13.20	13.44	17.24	13.07	17.39	....	....	....
Mar.	11.46	11.66	13.07	13.40	17.15	13.07	17.52	13.59	20.00	r20.82
Apr.	11.44	11.78	13.22	13.55	17.17	13.07	17.58	....	....	....
May	11.39	11.57	13.11	13.41	17.21	13.09	17.65	13.57	19.63	r20.72
June	11.26	12.02	13.10	13.40	17.10	13.12	17.67	....	....	....
July	11.30	11.94	13.13	13.49	17.15	13.09	17.69	13.78	19.87	r20.93
Aug.	11.31	11.80	13.05	13.37	17.14	13.10	17.70	....	....	....
Sept.	11.33	11.99	13.06	13.41	17.14	13.18	17.73	13.78	19.69	r21.16
Oct.	11.24	12.05	13.00	13.38	17.11	13.15	17.79	....	....	....
Nov.	11.24	11.76	12.96	13.40	17.06	13.17	17.82	13.43	19.66	21.09
Dec.	11.25	11.83	13.11	13.46	17.13	....	....	....	....	....

NOTE.—Rates are reported on an annual percentage rate basis as specified in Regulation Z (Truth in Lending) of the Board of Governors. Commercial bank rates are "most common" rates for direct loans with specified maturities; finance company rates are weighted averages for purchased contracts (except personal loans). For back figures and description of the data, see BULLETIN for Sept. 1973.

MARKET GROUPINGS

(Seasonally adjusted, 1967 = 100)

Grouping	1967 proportion	1974 average	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.	Dec.[p]	1976 Jan.[e]
Total index	100.0	124.8	113.7	111.2	110.0	109.9	110.1	111.1	112.2	114.2	116.2	116.7	117.4	118.5	119.3
Products, total	**62.21**	**123.1**	**115.4**	**113.7**	**112.4**	**112.9**	**113.4**	**114.2**	**115.3**	**115.8**	**116.9**	**116.9**	**117.8**	**119.9**	**120.6**
Final products	*48.95*	*121.7*	*114.9*	*113.3*	*112.2*	*112.6*	*113.7*	*114.5*	*115.7*	*115.9*	*116.9*	*117.0*	*117.8*	*119.8*	*120.6*
Consumer goods	28.53	128.8	120.1	118.8	118.2	119.6	121.2	123.3	125.5	125.7	126.8	127.0	128.6	130.8	132.1
Equipment	20.42	111.7	107.8	105.3	103.9	103.0	102.9	102.2	102.2	102.3	102.8	102.6	102.8	103.6	104.3
Intermediate products	13.26	128.3	117.6	115.2	112.7	113.4	112.4	112.8	114.3	115.4	116.6	117.0	117.8	120.4	121.1
Materials	**37.79**	**127.4**	**110.5**	**107.4**	**105.9**	**105.2**	**104.9**	**106.0**	**106.8**	**111.5**	**115.1**	**116.5**	**116.5**	**116.4**	**117.3**
Consumer goods															
Durable consumer goods	*7.86*	*127.9*	*104.0*	*101.0*	*103.1*	*107.8*	*110.5*	*113.2*	*115.9*	*116.1*	*118.3*	*118.3*	*119.0*	*120.5*	*121.5*
Automotive products	2.84	110.0	80.3	78.2	86.8	93.6	97.6	103.4	106.9	105.9	106.7	108.9	109.7	112.8	112.9
Autos	1.87	94.9	62.6	58.9	73.1	82.4	86.3	93.2	97.7	96.8	97.9	101.2	100.0	100.1	98.8
Auto parts and allied goods	.97	139.0	114.4	115.5	113.2	115.2	119.3	122.8	124.8	123.2	123.5	123.9	128.4	136.9	139.9
Home goods	5.02	138.0	117.5	114.0	112.3	115.9	117.8	118.8	121.0	121.9	125.0	123.6	124.2	124.9	126.4
Appliances, TV, and radios	1.41	132.0	94.4	89.0	85.0	96.7	102.4	103.5	104.7	106.5	108.4	105.4	104.6	107.4	108.4
Appliances and A/C	.92	148.8	108.0	104.8	99.1	114.2	118.4	118.3	118.9	122.2	124.1	123.4	122.8	126.0	125.9
TV and home audio	.49	......	......	......	......	......	......	......	......	......	......	......	......	......	......
Carpeting and furniture	1.08	153.5	135.1	132.3	127.9	127.8	128.6	131.1	135.5	136.0	137.6	137.9	139.3	137.6	......
Misc. home goods	2.53	134.7	123.0	120.1	121.0	121.4	121.7	122.1	124.0	124.5	129.0	127.4	128.8	129.2	131.0
Nondurable consumer goods	*20.67*	*129.2*	*126.3*	*125.5*	*124.1*	*124.0*	*125.3*	*127.2*	*129.0*	*129.4*	*130.1*	*130.5*	*132.5*	*135.1*	*136.1*
Clothing	4.32	109.0	95.0	94.5	90.9	89.2	94.4	97.7	101.6	102.0	101.5	104.5	106.1	......	......
Consumer staples	16.34	134.5	134.5	133.6	132.7	133.3	133.5	134.9	136.3	136.6	137.8	137.3	139.6	142.4	143.2
Consumer foods and tobacco	8.37	125.4	123.3	123.2	120.7	122.7	122.4	124.1	125.5	125.8	126.4	127.2	129.9	131.4	132.5
Nonfood staples	7.98	144.0	146.4	144.5	145.3	144.3	145.3	146.4	147.7	148.0	149.9	148.1	149.7	154.0	154.4
Consumer chemical products	2.64	158.4	160.6	157.1	158.2	157.6	158.4	159.2	161.2	160.4	161.6	161.7	165.8	174.0	......
Consumer paper products	1.91	125.2	122.0	121.9	120.9	118.4	122.8	123.3	124.1	126.7	127.7	126.4	125.5	131.5	......
Consumer fuel and lighting	3.43	143.8	149.2	147.2	149.0	148.6	147.8	149.4	150.4	150.3	153.2	149.5	150.7	151.0	......
Residential utilities	2.25	153.7	159.9	159.7	163.1	161.9	160.9	161.3	160.5	161.1	164.8	160.1	161.5	......	......
Equipment															
Business equipment	*12.74*	*129.4*	*122.3*	*119.3*	*117.0*	*115.4*	*115.0*	*113.9*	*113.9*	*114.9*	*115.6*	*115.7*	*116.4*	*117.3*	*118.1*
Industrial equipment	6.77	128.7	122.9	120.4	118.8	116.4	115.3	114.0	113.3	113.4	114.5	115.4	116.2	117.3	117.4
Building and mining equip.	1.45	136.0	138.4	137.0	137.7	132.3	131.7	127.7	126.9	128.3	129.7	133.1	136.5	136.1	137.0
Manufacturing equipment	3.85	121.7	111.8	109.4	106.6	105.6	105.0	104.3	105.5	105.1	104.5	104.0	103.5	104.6	104.2
Power equipment	1.47	139.9	136.6	132.1	131.8	128.9	126.2	125.8	120.3	120.8	125.7	127.9	129.3	131.8	132.9
Commercial, transit, farm equip.	5.97	130.3	121.6	118.0	115.1	114.2	114.7	113.9	114.6	116.5	116.9	116.2	116.7	117.4	119.2
Commercial equipment	3.30	141.1	135.2	130.4	127.8	123.2	121.5	120.7	123.0	123.4	122.6	123.3	123.3	124.6	126.6
Transit equipment	2.00	109.6	91.8	91.5	88.8	92.2	98.6	98.0	98.0	101.5	105.0	100.4	101.7	101.9	102.8
Farm equipment	.67	138.7	143.8	135.9	130.2	135.7	129.0	127.3	122.9	127.7	124.3	128.0	128.6	128.4	......
Defense and space equipment	*7.68*	*82.3*	*83.8*	*82.4*	*82.1*	*82.4*	*82.7*	*82.9*	*82.6*	*81.4*	*81.6*	*81.1*	*80.2*	*80.9*	*81.2*
Military products	5.15	81.2	81.5	80.7	80.3	80.7	82.0	82.0	82.1	80.6	80.7	80.2	78.6	79.4	79.2
Intermediate products															
Construction products	5.93	129.6	115.7	112.1	109.1	110.1	107.6	106.8	108.0	109.3	112.0	112.5	112.5	113.2	114.0
Misc. intermediate products	7.34	127.3	119.2	118.4	115.6	116.1	116.2	117.5	119.3	120.3	120.3	120.7	122.2	126.4	......
Materials															
Durable goods materials	*20.91*	*127.3*	*110.3*	*107.0*	*104.7*	*101.6*	*100.2*	*99.8*	*100.3*	*106.1*	*108.7*	*110.1*	*110.5*	*111.0*	*112.2*
Consumer durable parts	4.75	112.1	83.7	82.1	84.7	86.0	87.7	90.8	92.8	101.7	103.0	102.4	102.8	104.1	105.0
Equipment parts	5.41	123.8	116.9	112.0	108.7	104.6	102.1	97.3	96.8	100.7	102.4	105.2	106.5	107.9	108.3
Durable materials n.e.c.	10.75	135.9	118.8	115.4	111.4	106.9	104.7	105.1	105.3	111.0	114.5	116.3	116.0	115.6	117.4
Nondurable goods materials	*13.99*	*128.5*	*109.2*	*105.7*	*105.3*	*107.9*	*109.5*	*112.3*	*114.0*	*118.2*	*123.4*	*125.0*	*124.6*	*124.8*	*125.8*
Textile, paper, and chem. mat.	8.58	139.8	112.9	108.5	106.2	110.4	113.2	117.0	118.9	126.0	133.9	136.1	136.1	136.9	137.8
Nondurable materials n.e.c.	5.41	110.6	103.3	101.1	103.9	104.0	103.7	105.1	106.2	106.0	106.7	107.3	106.4	106.0	106.6
Fuel and power, industrial	2.89	122.6	117.8	118.2	118.0	117.5	118.0	119.5	121.1	118.4	121.3	120.6	120.3	114.5	115.3
Supplementary groups															
Home goods and clothing	9.34	124.6	107.1	105.0	102.3	103.6	106.9	109.1	112.0	112.8	114.2	114.7	115.8	116.9	118.1
Containers	1.82	139.4	126.1	119.9	122.3	124.2	124.3	128.4	132.8	133.5	142.7	137.6	132.6	135.3	......
Gross value of products in market structure															
(In billions of 1963 dollars)															
Products, total	**286.3**	......	**416.4**	**410.1**	**405.1**	**409.6**	**408.6**	**414.5**	**416.1**	**418.1**	**426.1**	**425.8**	**429.4**	**436.9**	**437.8**
Final products	221.4	......	322.3	317.7	315.3	319.0	319.4	325.0	325.2	326.3	332.9	333.7	336.6	340.7	341.6
Consumer goods	156.3	......	216.4	213.7	213.2	217.6	217.8	223.6	224.9	225.4	230.8	231.7	234.7	238.3	238.3
Equipment	65.3	......	105.9	103.9	102.2	101.4	101.5	101.3	100.5	100.9	102.3	101.7	101.9	102.3	103.5
Intermediate products	64.9	......	94.3	92.3	90.0	90.5	89.2	89.6	91.1	92.9	92.9	93.0	93.6	95.8	96.4

For NOTE see opposite page.

INDUSTRY GROUPINGS

(Seasonally adjusted, 1967 = 100)

Grouping	1967 proportion	1974 average	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.	Dec.[p]	1976 Jan.[e]
Manufacturing	*88.55*	*124.4*	*111.7*	*109.2*	*107.7*	*107.9*	*108.2*	*109.5*	*110.6*	*112.8*	*114.7*	*115.8*	*116.4*	*117.4*	*118.2*
Durable	52.33	120.7	108.2	104.8	103.5	103.3	102.5	103.2	103.5	105.4	107.0	107.6	107.8	108.6	109.4
Nondurable	36.22	129.7	117.0	115.6	113.7	114.8	116.1	118.6	120.8	123.4	125.7	127.2	129.0	130.6	131.0
Mining and utilities	11.45	127.3	127.0	127.3	128.8	128.1	126.5	126.8	127.4	127.0	127.8	127.0	127.4	126.0	127.1
Mining	6.37	109.3	107.0	108.6	108.9	108.5	105.9	106.3	106.4	105.0	105.3	106.4	106.0	103.3	104.7
Utilities	5.08	149.9	153.0	150.9	154.0	153.1	152.3	152.6	153.7	154.6	156.1	152.9	154.2	155.0	155.7
Durable manufactures															
Primary and fabricated metals	*12.55*	*127.5*	*112.4*	*107.7*	*105.1*	*103.2*	*99.8*	*100.8*	*100.7*	*104.1*	*106.1*	*105.9*	*107.0*	*105.1*	*107.1*
Primary metals	6.61	124.1	107.2	102.1	98.1	95.0	89.9	91.8	92.8	96.5	97.2	97.0	98.1	94.5	96.3
Iron and steel, subtotal	4.23	119.9	110.6	105.0	103.1	99.4	90.1	88.7	87.0	90.4	91.3	93.2	96.0	92.1	95.4
Fabricated metal products	5.94	131.4	118.2	113.7	112.9	112.4	100.9	110.9	109.7	112.7	116.1	115.9	117.1	117.0	119.1
Machinery and allied goods	*32.44*	*116.3*	*105.4*	*102.4*	*101.5*	*101.9*	*101.7*	*102.3*	*102.4*	*103.7*	*105.0*	*105.8*	*106.2*	*107.5*	*107.6*
Machinery	17.39	128.1	119.6	115.6	112.2	110.8	109.0	108.2	108.4	110.0	111.7	112.9	114.1	115.7	116.5
Nonelectrical machinery	9.17	133.8	126.7	123.6	119.3	116.9	113.7	112.3	112.9	115.1	116.7	117.7	119.1	119.8	120.4
Electrical machinery	8.22	125.2	111.5	106.6	104.3	104.0	103.8	103.8	103.4	104.4	106.1	107.6	108.7	111.0	112.1
Transportation equipment	9.29	96.9	78.9	77.1	81.0	84.7	87.6	90.5	91.0	92.9	94.3	94.7	94.1	95.4	94.2
Motor vehicles and parts	4.56	113.2	78.2	77.6	85.4	93.1	95.0	100.0	103.2	107.2	110.1	111.0	109.4	110.2	109.3
Aerospace and misc. trans. eq.	4.73	81.1	79.5	76.6	76.7	76.6	80.4	81.3	79.3	79.1	79.2	79.0	79.4	81.0	79.7
Instruments	2.07	143.9	139.1	134.2	130.6	131.1	129.7	130.9	132.4	132.1	134.5	134.5	137.0	138.2	140.0
Ordnance, private and Govt.	3.69	86.1	86.2	86.9	86.7	86.7	86.7	87.7	86.4	84.3	84.2	83.9	81.7	82.5	82.1
Lumber, clay, and glass	*4.44*	*123.6*	*109.6*	*104.6*	*102.6*	*104.8*	*105.9*	*107.0*	*108.3*	*110.6*	*113.1*	*114.4*	*112.0*	*115.5*	*117.5*
Lumber and products	1.65	120.1	99.9	99.6	99.8	104.1	108.0	110.3	112.0	114.5	115.5	116.8	115.0	118.3	......
Clay, glass, and stone products	2.79	125.7	115.3	107.8	104.2	105.4	104.7	105.1	106.2	108.3	111.7	113.0	110.3	113.9	......
Furniture and miscellaneous	*2.90*	*136.1*	*120.0*	*119.6*	*118.7*	*117.6*	*119.7*	*120.1*	*121.2*	*123.1*	*124.3*	*124.6*	*122.8*	*123.9*	*125.5*
Furniture and fixtures	1.38	126.9	110.6	110.6	106.7	105.6	109.6	107.9	109.4	109.6	110.6	110.8	110.7	111.2	......
Miscellaneous manufactures	1.52	144.4	128.9	128.0	129.7	128.5	129.0	131.1	131.8	135.3	136.7	137.2	133.7	135.2	......
Nondurable manufactures															
Textiles, apparel, and leather	*6.90*	*108.9*	*88.9*	*89.6*	*87.5*	*90.4*	*93.2*	*94.9*	*97.4*	*100.2*	*104.0*	*106.0*	*108.2*	*109.5*	*109.4*
Textile mill products	2.69	122.7	95.6	93.3	96.8	100.4	103.8	106.9	110.7	115.0	121.2	123.2	124.7	126.9	......
Apparel products	3.33	105.4	94.0	92.6	86.4	88.2	90.9	91.5	92.9	95.8	96.1	98.0	101.3	......	......
Leather and products	.88	77.3	66.1	66.7	63.5	68.0	70.0	71.2	73.5	71.7	81.2	83.8	83.5	81.4	......
Paper and printing	*7.92*	*121.0*	*108.2*	*106.6*	*104.2*	*102.4*	*103.9*	*107.3*	*107.3*	*110.8*	*113.9*	*114.8*	*114.7*	*117.5*	*118.7*
Paper and products	3.18	134.0	114.3	109.5	104.5	105.8	105.8	109.5	111.7	116.4	124.0	127.0	127.3	129.8	......
Printing and publishing	*4.74*	112.3	104.1	104.7	104.0	100.2	102.6	105.9	104.4	107.1	107.1	106.5	106.2	109.2	110.8
Chemicals, petroleum, and rubber	*11.92*	*151.7*	*136.5*	*132.4*	*130.2*	*131.0*	*132.5*	*136.2*	*140.2*	*143.6*	*146.2*	*148.5*	*150.3*	*152.8*	*152.5*
Chemicals and products	7.86	154.3	139.0	134.6	133.6	132.8	135.7	138.2	143.4	146.3	148.8	152.5	154.1	156.7	158.0
Petroleum products	1.80	124.0	126.8	123.7	120.1	120.2	118.5	122.4	124.6	126.7	127.1	126.5	128.2	129.4	124.7
Rubber and plastics products	2.26	164.4	135.4	132.0	126.8	133.5	132.7	140.1	141.6	147.8	152.0	153.1	154.4	157.7	......
Foods and tobacco	*9.48*	*124.8*	*120.0*	*121.3*	*120.0*	*122.4*	*122.4*	*123.5*	*124.8*	*125.2*	*126.0*	*126.3*	*129.2*	*129.2*	*130.4*
Foods	8.81	126.2	121.2	122.3	121.3	122.9	123.8	125.1	126.3	126.7	127.4	127.3	130.4	130.2	131.6
Tobacco products	.67	106.4	104.7	108.4	102.6	115.9	103.8	102.2	104.8	105.7	109.3	111.9	113.7	......	......
Mining															
Metal, stone, and earth minerals	*1.26*	*117.2*	*119.1*	*116.2*	*113.4*	*113.3*	*106.2*	*101.5*	*105.0*	*107.2*	*107.2*	*108.0*	*110.0*	*108.9*	*110.3*
Metal mining	.51	129.2	133.8	131.1	125.4	125.8	114.8	110.6	110.3	119.2	118.5	119.8	122.1	120.5	......
Stone and earth minerals	.76	109.1	109.0	106.1	105.1	104.7	100.4	95.3	101.4	98.9	99.5	100.0	101.7	101.1	......
Coal, oil, and gas	*5.11*	*107.3*	*103.9*	*106.8*	*107.7*	*107.4*	*105.8*	*107.6*	*106.7*	*104.4*	*104.8*	*106.1*	*105.0*	*101.9*	*103.3*
Coal	.69	105.1	111.3	117.5	117.4	112.2	113.6	120.4	120.6	105.7	113.6	114.6	119.9	106.4	107.3
Oil and gas extraction	4.42	107.7	102.9	105.0	106.1	106.6	104.5	105.5	104.5	104.2	103.4	104.8	102.8	101.2	102.7
Utilities															
Electric	3.90	159.5	162.5	161.1	165.4	164.1	163.0	163.3	164.7	165.8	167.8	163.4	165.4	......	......
Gas	1.17	117.9	......	......	......	......	......	......	......	......	......	......	......	......	......

NOTE.—Data for the complete year of 1972 are available in a pamphlet *Industrial Production Indexes 1972* from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Published groupings include series and subtotals not shown separately. Figures for individual series and subtotals are published in the monthly Industrial Production release.

SELECTED BUSINESS INDEXES

(1967 = 100, except as noted)

Period	Industrial production: Total	Industrial production: Market: Total	Market: Products: Final: Total	Market: Products: Final: Consumer goods	Market: Products: Final: Equipment	Market: Products: Intermediate	Market: Materials	Industry: Manufacturing	Capacity utilization in mfg.[1] (1967 output = 100)	Construction contracts	Nonagricultural employment—Total[1]	Manufacturing[2]: Employment	Manufacturing[2]: Payrolls	Total retail sales[3]	Prices[4]: Consumer	Prices[4]: Wholesale commodity
1955	58.5	56.6	54.9	59.5	48.9	62.6	61.5	58.2	90.0	......	76.9	92.9	61.1	59	80.2	87.8
1956	61.1	59.7	58.2	61.7	53.7	65.3	63.1	60.5	88.2	......	79.6	93.9	64.6	61	81.4	90.7
1957	61.9	61.1	59.9	63.2	55.9	65.3	63.1	61.2	84.5	......	80.3	92.2	65.4	64	84.3	93.3
1958	57.9	58.6	57.1	62.6	50.0	63.9	56.8	56.9	75.1	......	78.0	83.9	60.3	64	86.6	94.6
1959	64.8	64.4	62.7	68.7	54.9	70.5	65.5	64.1	81.4	......	81.0	88.1	67.8	69	87.3	94.8
1960	66.2	66.2	64.8	71.3	56.4	71.0	66.4	65.4	80.1	68.6	82.4	88.0	68.8	70	88.7	94.9
1961	66.7	66.9	65.3	72.8	55.6	72.4	66.4	65.6	77.6	70.2	82.1	84.5	68.0	70	89.6	94.5
1962	72.2	72.1	70.8	77.7	61.9	76.9	72.4	71.4	81.4	78.1	84.4	87.3	73.3	75	90.6	94.8
1963	76.5	76.2	74.9	82.0	65.6	81.1	77.0	75.8	83.0	86.1	86.1	87.8	76.0	79	91.7	94.5
1964	81.7	81.2	79.6	86.8	70.1	87.3	82.6	81.2	85.5	89.4	88.6	89.3	80.1	83	92.9	94.7
1965	89.2	88.1	86.8	93.0	78.7	93.0	91.0	89.1	89.0	93.2	92.3	93.9	88.1	90	94.5	96.6
1966	97.9	96.8	96.1	98.6	93.0	99.2	99.8	98.3	91.9	94.8	97.1	99.9	97.8	97	97.2	99.8
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	87.9	100.0	100.0	100.0	100.0	100	100.0	100.0
1968	105.7	105.8	105.8	106.6	104.7	105.7	105.7	105.7	87.7	113.2	103.2	101.4	108.3	109	104.2	102.5
1969	110.7	109.7	109.0	111.1	106.1	112.0	112.4	110.5	86.5	123.7	106.9	103.2	116.6	114	109.8	106.5
1970	106.6	106.0	104.5	110.3	96.3	111.7	107.7	105.2	78.3	123.1	107.7	98.1	114.1	119	116.3	110.4
1971	106.8	106.4	104.7	115.7	89.4	112.6	107.4	105.2	75.0	145.4	108.1	94.2	116.7	130	121.2	113.9
1972	115.2	113.8	111.9	123.6	95.5	121.1	117.4	114.0	78.6	165.3	111.9	97.6	131.5	142	125.3	119.8
1973	125.6	123.4	121.3	131.7	106.7	131.1	129.3	125.2	83.0	179.7	116.8	103.2	149.2	160	133.1	134.7
1974	124.8	123.1	121.7	128.8	111.7	128.3	127.4	124.4	78.9	168.6	119.1	102.1	157.1	171	147.7	160.1
1974—Dec.	117.3	118.7	118.2	123.4	110.7	120.5	114.8	116.1	[5]75.7	176.0	118.0	96.5	153.2	171	155.4	171.5
1975—Jan.	113.7	115.4	114.9	120.1	107.8	117.6	110.5	111.7		135.0	117.4	93.9	149.5	176	156.1	171.8
Feb.	111.2	113.7	113.3	118.8	105.3	115.2	107.4	109.2	68.2	139.0	116.6	91.2	143.5	179	157.2	171.3
Mar.	110.0	112.4	112.2	118.2	103.9	112.7	105.9	107.7		153.0	116.1	90.3	143.3	176	157.8	170.4
Apr.	109.9	112.9	112.6	119.6	103.0	113.4	105.2	107.9		189.0	116.1	89.9	144.7	179	158.6	172.1
May	110.1	113.4	113.7	121.2	102.9	112.4	104.9	108.2	67.0	182.0	116.2	90.1	144.7	184	159.3	173.2
June	111.1	114.2	114.5	123.3	102.2	112.8	106.0	109.5		174.0	115.9	89.8	146.4	186	160.6	173.7
July	112.2	115.3	115.7	125.5	102.2	114.3	106.8	110.6		165.0	116.4	89.7	148.7	190	162.3	175.7
Aug.	114.2	115.8	115.9	125.7	102.3	115.4	111.5	112.8	r68.9	208.0	116.9	90.9	154.2	191	162.8	176.7
Sept.	116.2	116.9	116.9	126.8	102.8	116.6	115.1	114.7		157.0	117.4	92.0	157.0	189	163.6	177.7
Oct.r	116.7	116.9	117.0	127.0	102.6	117.0	116.5	115.8		r166.0	117.8	92.5	158.4	192	164.6	178.9
Nov.r	117.4	117.8	117.8	128.6	102.8	117.8	116.5	116.4	70.8	148.0	117.8	92.4	158.9	192	165.6	178.2
Dec.r	118.5	119.9	119.8	130.8	103.6	120.4	116.4	117.4		137.0	118.1	r93.0	162.2	198	166.3	178.7
1976—Jan.	119.3	120.6	120.6	132.1	104.3	121.1	117.3	118.2	......	......	118.6	93.8	164.7	197	......	......

1 Employees only; excludes personnel in the Armed Forces.
2 Production workers only. Revised back to 1973.
3 F.R. index based on Census Bureau figures.
4 Prices are not seasonally adjusted. Latest figure is final.
5 Figure is for 4th quarter 1974.

NOTE.—*All series:* Data are seasonally adjusted unless otherwise noted.

Capacity utilization: Based on data from Federal Reserve, McGraw-Hill Economics Department, and Dept. of Commerce.

Construction contracts: McGraw-Hill Informations Systems Company F.W. Dodge Division, monthly index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering.

Employment and payrolls: Based on Bureau of Labor Statistics data; includes data for Alaska and Hawaii beginning with 1959.

Prices: Bureau of Labor Statistics data.

CONSTRUCTION CONTRACTS AND PRIVATE HOUSING PERMITS

(In millions of dollars, except as noted)

Type of ownership and type of construction	1973	1974	1974 Dec.	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Total construction contracts [1]	**99,304**	**93,076**	**7,304**	**5,100**	**4,955**	**6,574**	**9,598**	**9,143**	**9,324**	**9,044**	**10,037**	**7,692**	**7,767**	**5,573**	**5,431**
By type of ownership:															
Public	26,563	32,209	2,496	2,254	2,031	2,182	2,768	2,875	3,891	3,784	3,040	2,725	2,544	1,597	1,724
Private [1]	72,741	60,867	4,809	2,846	2,924	4,393	6,830	6,268	5,432	5,260	6,997	4,967	5,223	3,976	3,708
By type of construction:															
Residential building [1]	45,696	34,174	1,715	1,562	1,583	2,316	3,029	3,073	3,116	3,093	2,784	2,966	3,189	2,404	2,233
Nonresidential building	31,534	33,859	2,451	2,233	2,199	2,402	2,987	2,877	3,169	3,165	2,666	2,526	2,629	1,859	1,865
Nonbuilding	22,074	25,042	3,139	1,305	1,172	1,856	3,582	3,193	3,040	2,786	4,587	2,200	1,949	1,309	1,334
Private housing units authorized (In thousands, S.A., A.R.)	1,820	1,074	837	689	701	677	837	912	949	1,042	995	1,095	1,079	r1,085	1,058

1 Because of improved procedures for collecting data for 1-family homes, some totals are not strictly comparable with those prior to 1968. To improve comparability, earlier levels may be raised by approximately 3 per cent for total and private construction, in each case, and by 8 per cent for residential building.

NOTE.—Dollar value of construction contracts as reported by the McGraw-Hill Informations Systems Company, F.W. Dodge Division. Totals of monthly data may differ from annual totals because adjustments are made in accumulated monthly data after original figures have been published.

Private housing units authorized are Census Bureau series for 14,000 reporting areas with local building permit systems.

VALUE OF NEW CONSTRUCTION ACTIVITY

(In millions of dollars)

Period	Total	Private							Public [2]				
		Total	Residential	Nonresidential					Total	Military	Highway	Conservation and development	Other
				Total	Buildings			Other					
					Industrial	Commercial	Other buildings [1]						
1967	77,503	51,967	25,568	26,399	6,131	6,982	4,993	8,293	25,536	695	8,591	2,124	14,126
1968	86,626	59,021	30,565	28,456	6,021	7,761	4,382	10,292	27,605	808	9,321	1,973	15,503
1969	93,728	65,404	33,200	32,204	6,783	9,401	4,971	11,049	27,964	879	9,250	1,783	16,052
1970	94,167	66,071	31,864	34,207	6,538	9,754	5,125	12,790	28,096	718	9,981	1,908	15,489
1971	109,950	80,079	43,267	36,812	5,423	11,619	5,437	14,333	29,871	901	10,658	2,095	16,217
1972	124,077	93,893	54,288	39,605	4,676	13,462	5,898	15,569	30,184	1,087	10,429	2,172	16,496
1973	135,456	102,894	57,623	45,271	6,243	15,453	5,888	17,687	32,562	1,170	10,559	2,313	18,520
1974r	135,246	96,836	55,212	41,624	7,843	16,050	5,895	11,836	38,426	1,188	12,093	2,781	22,364
1975p	130,595	89,841	42,876	46,965	7,842	12,794	5,580	20,749	40,754	1,395	....	....	....
1974—Dec.	134,047	92,529	41,060	51,469	9,006	15,842	5,571	21,050	41,518	1,169	11,973	3,358	25,018
1975—Jan.	132,274	91,169	39,556	51,613	8,412	15,646	5,903	21,652	41,105	1,223	12,356	2,842	24,684
Feb.	128,862	89,023	38,523	50,500	8,724	14,971	5,883	20,922	39,839	1,319	11,993	3,329	23,198
Mar.	125,501	85,687	37,999	47,688	7,869	13,032	5,363	21,424	39,814	1,337	11,377	3,024	24,076
Apr.	121,027	84,742	37,574	47,168	7,500	12,765	5,636	21,267	36,285	1,473	10,963	2,769	21,080
May	121,698	84,252	38,531	45,721	8,197	12,109	5,268	20,147	37,446	1,180	12,227	3,132	20,907
June	126,884	84,982	40,431	44,551	7,677	11,756	5,415	19,703	41,902	1,120	12,251	3,529	25,002
July	128,776	88,143	43,330	44,813	7,714	11,978	5,319	19,802	40,633	1,309	....	....	....
Aug.	132,101	90,590	45,354	45,236	7,621	12,586	5,611	19,418	41,511	1,383	....	....	....
Sept.	137,102	92,524	45,972	46,552	7,889	12,431	5,843	20,389	44,578	1,662	....	....	....
Oct.r	135,636	93,250	46,492	46,758	7,470	12,506	5,589	21,193	42,386	1,493	....	....	....
Nov.	136,545	95,762	47,529	48,237	7,750	12,634	5,771	22,082	40,783	1,657	....	....	....
Dec.p	138,581	95,531	48,465	47,066	7,483	12,190	5,523	21,870	43,050	1,616	....	....	....

[1] Includes religious, educational, hospital, institutional, and other buildings.

[2] By type of ownership, State and local accounted for 86 per cent of public construction expenditures in 1974.

NOTE.—Census Bureau data; monthly series at seasonally adjusted annual rates.

PRIVATE HOUSING ACTIVITY

(In thousands of units)

Period	Starts			Completions			Under construction (end of period)			Mobile home shipments	New 1-family homes sold and for sale [1]			
											Units		Median prices (in thousands of dollars) of units	
	Total	1-family	2-or-more family	Total	1-family	2-or-more family	Total	1-family	2-or-more family		Sold	For sale (end of period)	Sold	For sale
1966	1,165	779	386	....	....	....	....	....	....	217	461	196	21.4	22.8
1967	1,292	844	448	....	....	....	....	....	....	240	487	190	22.7	23.6
1968	1,508	899	608	1,320	859	461	....	....	....	318	490	218	24.7	24.6
1969	1,467	811	656	1,399	807	591	885	350	535	413	448	228	25.6	27.0
1970	1,434	813	621	1,418	802	617	922	381	541	401	485	227	23.4	26.2
1971	2,052	1,151	901	1,706	1,014	692	1,254	505	749	497	656	294	25.2	25.9
1972	2,357	1,309	1,047	1,971	1,143	828	1,586	640	947	576	718	416	27.6	28.3
1973	2,045	1,132	913	2,014	1,174	840	1,599	583	1,016	567	620	456	32.5	32.9
1974	1,338	888	450	1,692	931	760	1,189	516	673	r329	501	407	35.9	36.2
1974—Dec.	880	682	198	1,606	852	754	r1,225	r543	683	195	382	400	37.4	36.2
1975—Jan.	999	739	260	1,535	964	571	r1,188	r529	660	185	404	404	37.2	36.4
Feb.	1,000	733	267	1,320	770	550	r1,156	r525	631	219	411	409	37.9	36.6
Mar.	985	775	210	1,305	734	571	r1,118	r521	598	199	463	396	38.8	36.5
Apr.	980	762	218	1,211	756	455	r1,087	r515	573	194	570	388	39.2	36.7
May	1,130	887	243	1,276	832	444	r1,060	r513	546	224	586	383	39.5	36.9
June	1,094	884	210	1,165	785	380	r1,045	r517	r528	210	556	378	37.9	37.2
July	1,235	935	300	1,269	901	368	r1,039	r521	r518	225	553	383	38.6	37.4
Aug.	1,269	987	282	1,267	881	386	r1,036	r528	r507	235	576	379	38.2	37.8
Sept.	1,269	931	338	1,291	969	322	r1,037	r532	r505	215	574	383	39.6	38.2
Oct.r	1,452	1,103	349	1,115	734	381	1,065	560	505	229	604	386	40.7	....
Nov.	1,354	1,028	326	1,416	997	419	1,058	559	499	232	660	377	40.8	....
Dec.p	1,309	972	337	....	....	....	....	....	....	....	....	....	....	....

[1] Merchant builders only.

NOTE.—*All* series except prices seasonally adjusted. Annual rates for starts, completions, mobile home shipments, and sales. Census data except for mobile homes, which are private, domestic shipments as reported by the Mobile Home Manufacturers' Assn. and seasonally adjusted by Census Bureau. Data for units under construction seasonally adjusted by Federal Reserve.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

(In thousands of persons, except as noted)

Period	Total noninstitutional population (N.S.A.)	Not in labor force (N.S.A.)	Total labor force (S.A.)	Civilian labor force (S.A.)					
				Total	Employed[1]			Unemployed	Unemployment rate[2] (per cent; S.A.)
					Total	In nonagricultural industries	In agriculture		
1969	137,841	53,602	84,240	80,734	77,902	74,296	3,606	2,832	3.5
1970	140,182	54,280	85,903	82,715	78,627	75,165	3,462	4,088	4.9
1971	142,596	55,666	86,929	84,113	79,120	75,732	3,387	4,993	5.9
1972	145,775	56,785	88,991	86,542	81,702	78,230	3,472	4,840	5.6
1973	148,263	57,222	91,040	88,714	84,409	80,957	3,452	4,304	4.9
1974	150,827	57,587	93,240	91,011	85,935	82,443	3,492	5,076	5.6
1974—Dec.	152,020	58,482	94,015	91,803	85,202	81,863	3,339	6,601	7.2
1975—Jan.	152,230	58,888	94,284	92,091	84,562	81,179	3,383	7,529	8.2
Feb.	152,445	59,333	93,709	91,511	84,027	80,701	3,326	7,484	8.2
Mar.	152,646	59,053	94,027	91,829	83,849	80,584	3,265	7,980	8.7
Apr.	152,840	59,276	94,457	92,262	84,086	80,848	3,238	8,176	8.9
May	153,051	59,101	95,121	92,940	84,402	80,890	3,512	8,538	9.2
June	153,278	57,087	94,518	92,340	84,444	81,140	3,304	7,896	8.6
July	153,585	56,540	95,102	92,916	85,078	81,628	3,450	7,838	8.4
Aug.	153,824	57,331	95,331	93,146	85,352	81,884	3,468	7,794	8.4
Sept.	154,052	59,087	95,361	93,191	85,418	81,872	3,546	7,773	8.3
Oct.	154,256	58,825	95,607	93,443	85,441	82,019	3,422	8,002	8.6
Nov.	154,476	59,533	95,134	92,979	85,278	81,986	3,292	7,701	8.3
Dec.	154,700	59,812	95,436	93,279	85,511	82,270	3,241	7,768	8.3

[1] Includes self-employed, unpaid family, and domestic service workers.
[2] Per cent of civilian labor force.

NOTE.—Bureau of Labor Statistics. Information relating to persons 16 years of age and over is obtained on a sample basis. Monthly data relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. Description of changes in series beginning 1967 is available from Bureau of Labor Statistics.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS, BY INDUSTRY DIVISION

(In thousands of persons)

Period	Total	Manufacturing	Mining	Contract construction	Transportation and public utilities	Trade	Finance	Service	Government
1969	70,442	20,167	619	3,525	4,435	14,704	3,562	11,228	12,202
1970	70,920	19,349	623	3,536	4,504	15,040	3,687	11,621	12,561
1971	71,216	18,572	603	3,639	4,457	15,352	3,802	11,903	12,887
1972	73,711	19,090	622	3,831	4,517	15,975	3,943	12,392	13,340
1973	76,896	20,068	644	4,015	4,644	16,674	4,091	13,021	13,739
1974	78,413	20,046	694	3,957	4,696	17,017	4,208	13,617	14,177
SEASONALLY ADJUSTED									
1974 Dec.	77,723	19,190	686	3,770	4,659	16,935	4,229	13,833	14,421
1975 Jan.	77,319	18,798	723	3,749	4,603	16,903	4,219	13,857	14,467
Feb.	76,804	18,375	724	3,592	4,565	16,879	4,210	13,865	14,594
Mar.	76,468	18,226	729	3,467	4,506	16,851	4,207	13,864	14,618
Apr.	76,462	18,155	732	3,441	4,508	16,847	4,209	13,878	14,692
May	76,510	18,162	738	3,439	4,491	16,857	4,208	13,889	14,726
June	76,343	18,100	741	3,392	4,469	16,877	4,202	13,871	14,691
July	76,679	18,084	743	3,395	4,464	16,984	4,203	13,990	14,816
Aug.	77,023	18,254	749	3,415	4,466	17,016	4,218	14,054	14,855
Sept.	77,310	18,417	752	3,432	4,467	17,045	4,239	14,113	14,845
Oct.	77,555	18,493	774	3,402	4,476	17,043	4,246	14,157	14,964
Nov.[p]	77,558	18,471	767	3,403	4,501	17,020	4,248	14,189	14,959
Dec.[p]	77,798	18,551	772	3,389	4,481	17,096	4,259	14,251	14,999
NOT SEASONALLY ADJUSTED									
1974 Dec.	78,462	19,209	681	3,695	4,659	17,608	4,208	13,764	14,638
1975 Jan.	76,207	18,573	715	3,348	4,548	16,700	4,177	13,608	14,538
Feb.	75,772	18,165	714	3,208	4,492	16,493	4,172	13,699	14,829
Mar.	75,778	18,037	719	3,197	4,470	16,530	4,178	13,753	14,894
Apr.	76,177	18,000	726	3,310	4,472	16,691	4,192	13,878	14,908
May	76,689	18,071	740	3,439	4,487	16,819	4,208	13,986	14,939
June	77,183	18,255	756	3,555	4,523	16,971	4,248	14,079	14,796
July	76,439	18,007	758	3,605	4,504	16,936	4,266	14,144	14,219
Aug.	76,900	18,450	763	3,688	4,493	16,959	4,273	14,162	14,112
Sept.	77,614	18,694	758	3,659	4,503	17,084	4,243	14,113	14,560
Oct.	78,193	18,687	763	3,620	4,503	17,136	4,238	14,185	15,061
Nov.[p]	78,324	18,625	764	3,515	4,515	17,323	4,235	14,175	15,172
Dec.[p]	78,529	18,567	766	3,321	4,481	17,753	4,238	14,180	15,223

NOTE.—Bureau of Labor Statistics; data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th of the month. Proprietors, self-employed persons, domestic servants, unpaid family workers, and members of Armed Forces are excluded.

Beginning with 1973, series has been adjusted to Mar. 1974 benchmark.

CONSUMER PRICES

(1967 = 100)

Period	All items	Food	Housing						Apparel and upkeep	Transportation	Health and recreation				
			Total	Rent	Home-ownership	Fuel oil and coal	Gas and electricity	Furnishings and operation			Total	Medical care	Personal care	Reading and recreation	Other goods and services
1929	51.3	48.3	....	76.0	....	....	....	....	48.5	....	....	....	....	....	....
1933	38.8	30.6	....	54.1	....	....	....	....	36.9	....	....	....	....	....	....
1941	44.1	38.4	53.7	57.2	....	40.5	81.4	....	44.8	44.2	....	37.0	41.2	47.7	49.2
1945	53.9	50.7	59.1	58.8	....	48.0	79.6	....	61.5	47.8	....	42.1	55.1	62.4	56.9
1960	88.7	88.0	90.2	91.7	86.3	89.2	98.6	93.8	89.6	89.6	85.1	79.1	90.1	87.3	87.8
1965	94.5	94.4	94.9	96.9	92.7	94.6	99.4	95.3	93.7	95.9	93.4	89.5	95.2	95.9	94.2
1966	97.2	99.1	97.2	98.2	96.3	97.0	99.6	97.0	96.1	97.2	96.1	93.4	97.1	97.5	97.2
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.6	104.2	102.4	105.7	103.1	100.9	104.4	105.4	103.2	105.0	106.1	104.2	104.7	104.6
1969	109.8	108.9	110.8	105.7	116.0	105.6	102.8	109.0	111.5	107.2	110.3	113.4	109.3	108.7	109.1
1970	116.3	114.9	118.9	110.1	128.5	110.1	107.3	113.4	116.1	112.7	116.2	120.6	113.2	113.4	116.0
1971	121.3	118.4	124.3	115.2	133.7	117.5	114.7	118.1	119.8	118.6	122.2	128.4	116.8	119.3	120.9
1972	125.3	123.5	129.2	119.2	140.1	118.5	120.5	121.0	122.3	119.9	126.1	132.5	119.8	122.8	125.5
1973	133.1	141.4	135.0	124.3	146.7	136.0	126.4	124.9	126.8	123.8	130.2	137.7	125.2	125.9	129.0
1974	147.7	161.7	150.6	130.6	163.2	214.6	145.8	140.5	136.2	137.7	140.3	150.5	137.3	133.8	137.2
1975	161.2	175.4	166.8	137.3	181.7	235.3	169.6	158.1	142.3	150.6	153.5	168.6	150.7	144.4	147.4
1974—Dec.	155.4	169.7	159.9	133.5	174.0	228.8	156.7	152.3	141.9	143.5	147.5	159.0	145.3	139.8	143.9
1975—Jan.	156.1	170.9	161.2	134.0	175.6	228.9	160.2	153.2	139.4	143.2	148.9	161.0	146.5	141.0	144.8
Feb.	157.2	171.6	162.7	135.1	177.3	229.5	162.7	154.7	140.2	143.5	150.2	163.0	147.8	141.8	145.9
Mar.	157.8	171.3	163.6	135.5	178.2	228.3	164.0	155.6	140.9	144.8	151.1	164.6	148.9	142.0	146.5
Apr.	158.6	171.2	164.7	135.9	179.4	229.0	166.3	156.8	141.3	146.2	152.1	165.8	149.5	143.5	146.8
May	159.3	171.8	165.3	136.4	180.1	230.2	167.3	157.4	141.8	147.4	152.6	166.8	149.9	143.8	147.1
June	160.6	174.4	166.4	136.9	181.4	230.6	169.4	158.1	141.4	149.8	153.2	168.1	150.3	144.1	147.3
July	162.3	178.6	167.1	137.3	182.3	234.1	170.4	158.3	141.1	152.6	154.0	169.8	151.2	144.4	147.6
Aug.	162.8	178.1	167.7	138.0	182.8	235.7	171.2	158.8	142.3	153.6	154.6	170.9	151.4	144.7	148.1
Sept.	163.6	177.8	168.9	138.4	183.9	238.7	174.0	160.1	143.5	155.4	155.4	172.2	152.1	146.0	148.0
Oct.	164.6	179.0	169.8	139.3	184.8	243.3	174.2	160.9	144.6	156.1	156.3	173.5	152.9	146.6	148.5
Nov.	165.6	179.8	171.3	139.9	186.8	246.5	176.8	161.6	145.5	157.4	156.5	173.3	153.6	147.0	148.9
Dec.	166.3	180.7	172.2	140.6	187.8	248.7	179.0	162.0	145.2	157.6	157.5	174.7	154.6	147.5	149.8

NOTE.—Bureau of Labor Statistics index for city wage earners and clerical workers.

WHOLESALE PRICES: SUMMARY

(1967 = 100, except as noted)

Period	All commodities	Farm products	Processed foods and feeds	Industrial commodities													
				Total	Textiles, etc.	Hides, etc.	Fuel, etc.	Chemicals, etc.	Rubber, etc.	Lumber, etc.	Paper, etc.	Metals, etc.	Machinery and equipment	Furniture, etc.	Nonmetallic minerals	Transportation equipment[1]	Miscellaneous
1960	94.9	97.2	89.5	95.3	99.5	90.8	96.1	101.8	103.1	95.3	98.1	92.4	92.0	99.0	97.2	......	93.0
1965	96.6	98.7	95.5	96.4	99.8	94.3	95.5	99.0	95.9	95.9	96.2	96.4	93.9	96.9	97.5	......	95.9
1966	99.8	105.9	101.2	98.5	100.1	103.4	97.8	99.4	97.8	100.2	98.8	98.8	96.8	98.0	98.4	......	97.7
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	......	100.0
1968	102.5	102.5	102.2	102.5	103.7	103.2	98.9	99.8	103.4	113.3	101.1	102.6	103.2	102.8	103.7	......	102.2
1969	106.5	109.1	107.3	106.0	106.0	108.9	100.9	99.9	105.3	125.3	104.0	108.5	106.5	104.9	107.7	100.8	105.2
1970	110.4	111.0	112.0	110.0	107.2	110.1	105.9	102.2	108.6	113.7	108.2	116.7	111.4	107.5	113.3	104.5	109.9
1971	113.9	112.9	114.3	114.0	108.6	114.0	114.2	104.2	109.2	127.0	110.1	119.0	115.5	109.9	122.4	110.3	112.8
1972	119.1	125.0	120.8	117.9	113.6	131.3	118.6	104.2	109.3	144.3	113.4	123.5	117.9	111.4	126.1	113.8	114.6
1973	134.7	176.3	148.1	125.9	123.8	143.1	134.3	110.0	112.4	177.2	122.1	132.8	121.7	115.2	130.2	115.1	119.7
1974	160.1	187.7	170.9	153.8	139.1	145.1	208.3	146.8	136.2	183.6	151.7	171.9	139.4	127.9	153.2	125.5	133.1
1974—Dec.	171.5	183.7	188.2	166.1	138.4	143.2	229.0	174.0	149.4	165.4	167.2	184.6	154.0	137.7	164.3	137.0	142.4
1975—Jan.	171.8	179.7	186.4	167.5	137.5	142.1	232.2	176.0	149.6	164.7	169.8	185.5	156.6	138.8	168.5	137.1	145.5
Feb.	171.3	174.6	182.6	168.4	136.5	141.7	232.3	178.1	150.0	169.3	169.8	186.3	157.7	139.1	170.3	138.2	146.4
Mar.	170.4	171.1	177.3	168.9	134.3	143.2	233.0	181.8	149.7	169.6	170.0	186.1	158.8	138.5	170.8	139.5	146.8
Apr.	172.1	177.7	179.4	169.7	134.4	147.5	236.5	182.4	149.4	174.9	169.7	185.7	159.7	138.5	173.0	139.9	147.3
May	173.2	184.5	179.0	170.3	135.2	147.7	238.8	182.1	148.9	183.0	169.8	185.1	160.4	138.6	173.1	139.9	147.5
June	173.7	186.2	179.7	170.7	135.9	148.7	243.0	181.2	148.6	181.0	169.8	184.5	161.0	139.0	173.3	140.1	147.5
July	175.7	193.7	184.6	171.2	136.8	149.3	246.6	181.4	150.1	179.6	170.0	183.4	161.7	139.2	174.7	140.1	147.7
Aug.	176.7	193.2	186.3	172.2	137.6	149.3	252.4	182.1	150.0	179.7	170.0	184.3	162.2	139.8	175.8	140.5	147.8
Sept.	177.7	197.1	186.1	173.1	138.4	151.3	254.9	182.2	150.8	179.9	170.3	185.5	163.1	140.1	176.1	141.1	148.2
Oct.	178.9	197.3	186.2	174.7	141.3	152.4	256.5	182.3	151.5	179.1	170.9	187.2	164.1	141.1	177.1	146.6	147.6
Nov.	178.2	191.7	182.6	175.4	143.2	154.4	257.0	182.9	151.8	178.3	171.3	187.0	165.3	141.5	177.7	147.2	148.6
Dec.	178.7	193.8	181.0	176.1	144.0	154.6	258.0	183.4	151.9	183.1	173.1	187.1	165.8	142.0	178.0	147.5	151.1

[1] Dec. 1968 = 100.

GROSS NATIONAL PRODUCT

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975ᵖ	1974 IV	1975 I	1975 II	1975 III	1975 IVᵖ
Gross national product	**286.2**	**982.4**	**1,171.1**	**1,306.3**	**1,406.9**	**1,499.0**	**1,441.3**	**1,433.6**	**1,460.6**	**1,528.5**	**1,573.2**
Final purchases	*279.4*	*978.6*	*1,161.7*	*1,288.8*	*1,397.2*	*1,513.2*	*1,430.9*	*1,458.4*	*1,490.2*	*1,530.6*	*1,573.4*
Personal consumption expenditures	**192.0**	**618.8**	**733.0**	**808.5**	**885.9**	**963.2**	**908.4**	**926.4**	**950.3**	**977.4**	**998.7**
Durable goods	30.8	84.9	111.2	122.9	121.9	127.7	117.3	118.9	123.8	131.8	136.1
Nondurable goods	98.2	264.7	299.3	334.4	375.7	410.0	387.1	394.1	404.8	416.4	424.8
Services	63.0	269.1	322.4	351.3	388.3	425.5	404.0	413.4	421.6	429.2	437.7
Gross private domestic investment	**53.8**	**140.8**	**188.3**	**220.5**	**212.2**	**183.3**	**210.3**	**168.7**	**161.4**	**194.9**	**208.3**
Fixed investment	*47.0*	*137.0*	*178.8*	*203.6*	*202.5*	*197.5*	*199.8*	*193.5*	*191.1*	*197.1*	*208.4*
Nonresidential	*27.1*	*100.5*	*116.8*	*136.5*	*147.9*	*148.7*	*151.1*	*149.3*	*146.1*	*146.7*	*152.7*
Structures	9.3	37.7	42.5	49.0	54.4	52.6	50.1	54.9	51.1	51.2	53.4
Producers' durable equipment	17.8	62.8	74.3	87.5	93.5	96.1	95.0	94.4	95.0	95.6	99.3
Residential structures	19.9	36.6	62.0	66.5	54.6	48.8	48.7	44.2	45.0	50.4	55.7
Nonfarm	18.7	35.1	60.3	64.7	52.2	46.9	46.3	42.6	43.1	48.2	53.5
Change in business inventories	6.8	3.8	9.4	17.5	9.7	−14.2	10.4	−24.8	29.6	−2.1	−.2
Nonfarm	6.0	3.7	8.8	14.1	11.6	−16.1	13.7	23.3	−29.6	−5.7	−5.7
Net exports of goods and services	**1.9**	**3.9**	**−3.3**	**7.4**	**7.7**	**21.5**	**8.2**	**17.3**	**24.2**	**22.1**	**22.4**
Exports	13.9	62.5	72.7	101.5	144.2	147.3	153.6	148.2	140.7	148.5	151.9
Imports	12.0	58.5	75.9	94.2	136.5	125.8	145.3	130.9	116.4	126.4	129.4
Government purchases of goods and services	**38.5**	**218.9**	**253.1**	**269.9**	**301.1**	**330.9**	**314.4**	**321.2**	**324.7**	**334.1**	**343.8**
Federal	*18.7*	*95.6*	*102.1*	*102.0*	*111.7*	*123.1*	*118.2*	*119.4*	*119.2*	*124.2*	*129.8*
National defense	14.0	73.5	73.5	73.4	77.4	84.0	80.5	81.4	82.1	84.9	87.4
Other	4.7	22.1	28.6	28.6	34.3	39.2	37.7	38.0	37.1	39.3	42.3
State local	*19.8*	123.2	151.0	*168.0*	189.4	207.8	196.3	201.9	205.5	209.9	214.1
Gross national product in 1972 dollars	**533.5**	**1,075.3**	**1,171.1**	**1,233.4**	**1,210.7**	**1,186.4**	**1,186.8**	**1,158.6**	**1,168.1**	**1,201.5**	**1,217.4**

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. For back data and explanation of series, see the *Survey of Current Business*, Jan. 1976.

NATIONAL INCOME

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975ᵖ	1974 IV	1975 I	1975 II	1975 III	1975 IVᵖ
National income	**236.2**	**798.4**	**951.9**	**1,067.3**	**1,141.1**	**1,209.5**	**1,161.3**	**1,155.2**	**1,180.8**	**1,232.5**	....
Compensation of employees	**154.8**	**609.2**	**715.1**	**797.7**	**873.0**	**921.4**	**898.1**	**897.1**	**905.4**	**928.2**	**954.9**
Wages and salaries	*147.0*	*546.5*	*633.8*	*700.9*	*763.1*	*801.6*	*783.6*	*781.0*	*787.6*	*807.3*	*830.5*
Private	124.4	430.5	496.2	552.3	603.0	627.2	617.7	611.7	615.0	631.9	650.3
Military	5.3	20.7	22.0	22.1	22.3	23.0	23.0	22.9	22.8	22.8	23.6
Government civilian	17.4	95.3	115.6	126.5	137.7	151.3	143.0	146.4	149.7	152.6	156.6
Supplements to wages and salaries	*7.8*	*62.7*	*81.4*	*96.8*	*110.0*	*119.8*	*114.4*	*116.1*	*117.8*	*120.9*	*124.4*
Employer contributions for social insurance	4.2	30.7	39.4	49.3	55.5	58.5	56.9	57.1	57.5	58.9	60.6
Other labor income	3.7	32.0	42.0	47.5	54.5	61.3	57.6	59.0	60.3	62.0	63.8
Proprietors' income with inventory valuation and *capital consumption adjustments*	**38.4**	**65.1**	**76.1**	**91.7**	**85.1**	**83.3**	**83.6**	**79.6**	**78.6**	**88.0**	**87.0**
Business and professional	24.9	51.2	58.1	59.3	59.5	58.7	59.0	58.6	58.5	58.7	58.8
Farm	13.5	13.9	18.0	32.4	25.6	24.6	24.6	21.0	20.1	29.3	28.2
Rental income of persons with capital consumption adjustment	**7.1**	**18.6**	**21.5**	**21.3**	**21.0**	**21.1**	**20.9**	**20.8**	**20.5**	**20.9**	**22.0**
Corporate profits and inventory valuation adjustment and without capital consumption adjustment	**37.6**	**66.4**	**89.6**	**98.6**	**93.6**	**108.3**	**86.1**	**83.4**	**101.6**	**119.6**	....
Profits before tax	*42.6*	*71.5*	*96.2*	*117.0*	*132.1*	*119.8*	*123.9*	*97.1*	*108.2*	*129.5*	....
Profits tax liability	17.9	34.5	41.5	48.2	52.6	47.0	49.2	37.5	41.6	50.7	....
Profits after tax	*24.7*	*37.0*	*54.6*	*68.8*	*79.5*	*72.8*	*74.7*	*59.6*	*66.6*	*78.8*	....
Dividends	8.8	22.9	24.6	27.8	31.1	32.8	31.7	32.1	32.6	33.5	33.1
Undistributed profits	15.9	14.1	30.0	40.9	48.4	40.0	43.0	27.5	34.0	45.3	....
Inventory valuation adjustment	−5.0	−5.1	−6.6	−18.4	−38.5	−11.5	−37.7	−13.7	−6.6	−9.9	−15.8
Net interest	**2.3**	**37.5**	**47.0**	**56.3**	**70.7**	**81.6**	**76.7**	**78.7**	**79.7**	**82.2**	**85.7**

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. See also NOTE to table above.

RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME AND SAVING

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975p	1974 IV	1975 I	1975 II	1975 III	1975 IVp
Gross national product	286.2	982.4	1,171.1	1,306.3	1,406.9	1,499.0	1,441.3	1,433.6	1,460.6	1,528.5	1,573.2
Less: Capital consumption allowances with capital consumption adjustment	23.9	90.8	105.4	117.1	134.0	152.5	142.1	145.4	149.5	154.7	160.5
Indirect business tax and nontax liability	23.4	94.0	111.0	120.2	127.3	137.2	129.5	131.6	135.2	140.0	141.8
Business transfer payments	.8	4.0	4.7	5.2	5.8	6.3	6.0	6.2	6.3	6.4	6.5
Statistical discrepancy	2.0	-2.1	1.7	.4	-.6	-4.6	2.9	-3.2	-8.9	-3.2	......
Plus: Subsidies less current surplus of government enterprises	.1	2.7	3.6	3.7	.7	1.9	.4	1.6	2.2	1.9	1.9
Equals: National income	236.2	798.4	951.9	1,067.3	1,141.1	1,209.5	1,161.3	1,155.2	1,180.8	1,232.5	......
Less: Corporate profits with inventory valuation and capital consumption adjustments	33.7	67.9	92.1	100.2	91.3	102.1	82.0	78.9	96.6	113.1	......
Net interest	2.3	37.5	47.0	56.3	70.7	81.6	76.7	78.7	79.7	82.2	85.7
Contributions for social insurance	7.1	58.7	73.6	91.5	102.9	108.3	105.0	106.0	106.6	108.9	111.7
Wage accruals less disbursements	......	......	......	-.1	-.5	......	......	......	......	......	......
Plus: Government transfer payments to persons	14.4	75.9	99.4	113.5	134.5	168.7	145.5	157.7	169.4	172.4	175.2
Personal interest income	8.9	64.3	74.6	88.4	106.5	120.7	114.0	116.0	117.6	121.2	127.8
Dividends	8.8	22.9	24.6	27.8	31.1	32.8	31.7	32.1	32.6	33.5	33.1
Business transfer payments	.8	4.0	4.7	5.2	5.8	6.3	6.0	6.2	6.3	6.4	6.5
Equals: Personal income	226.1	801.3	942.5	1,054.3	1,154.7	1,264.0	1,194.8	1,203.6	1,223.8	1,261.7	1,294.8
Less: Personal tax and nontax payments	20.6	115.3	141.2	151.2	171.2	169.2	178.9	179.6	142.1	174.6	180.4
Equals: Disposable personal income	205.5	685.9	801.3	903.1	983.6	1,076.8	1,015.9	1,024.0	1,081.7	1,087.1	1,114.4
Less: Personal outlays	194.7	635.4	751.9	830.4	909.5	987.2	932.4	950.4	974.2	1,001.3	1,023.1
Personal consumption expenditures	192.0	618.8	733.0	808.5	885.9	963.2	908.4	926.4	950.3	977.4	998.7
Interest paid by consumer to business	2.3	15.5	17.9	20.6	22.6	23.1	23.0	23.0	22.8	23.0	23.5
Personal transfer payments to foreigners (Net)	.4	1.1	1.0	1.2	1.0	1.0	1.0	1.0	1.1	.9	1.0
Equals: Personal saving	10.8	50.6	49.4	72.7	74.0	89.6	83.6	73.6	107.5	85.9	91.3
Disposable personal income in (1972) dollars	361.9	741.6	801.3	856.0	843.5	857.0	837.6	831.6	869.8	858.2	868.4

NOTE.—Dept. of Commerce estimates. Quarterly data seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

PERSONAL INCOME

(In billions of dollars)

Item	1974	1975p	1974 Dec.	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Total personal income	1154.7	1246.0	1200.4	1202.6	1203.2	1205.0	1209.0	1217.2	1245.2	1244.0	1262.4	1278.7	1287.4	1295.9	1301.1
Wage and salary disbursements	763.6	801.6	782.0	782.1	779.1	781.7	782.7	787.4	792.7	797.4	808.8	815.6	824.1	831.2	836.3
Commodity-producing industries	273.7	273.5	273.7	271.7	266.1	265.9	265.8	267.0	268.8	270.9	275.6	279.5	281.7	283.2	286.2
Manufacturing only	*211.2*	*211.1*	*210.8*	*207.8*	*204.3*	*204.4*	*204.9*	*205.6*	*207.2*	*208.8*	*213.2*	*216.6*	*218.7*	*219.7*	*222.6*
Distributive industries	184.3	195.1	189.8	189.9	190.2	190.7	190.9	191.7	192.9	193.9	197.7	198.2	200.2	202.4	202.8
Service industries	145.0	158.6	151.3	152.4	153.5	154.6	154.5	156.1	157.4	158.2	160.3	161.5	163.1	165.3	166.0
Government	160.6	174.4	167.2	168.1	169.3	170.5	171.5	172.6	173.6	174.4	175.2	176.4	179.0	180.3	181.2
Other labor income	54.5	61.3	58.1	58.6	59.0	59.4	59.8	60.3	60.8	61.4	62.0	62.6	63.2	63.8	64.4
Proprietors' income with inventory valuation and capital consumption adjustments	85.1	83.3	84.3	82.8	79.5	76.5	77.0	78.7	80.3	84.5	88.0	91.5	89.4	87.1	84.5
Business and professional	59.5	58.7	58.8	58.8	58.5	58.6	58.5	58.6	58.6	58.7	58.7	58.8	58.9	58.8	58.7
Farm	25.6	24.6	25.5	24.0	21.0	17.9	18.5	20.1	21.7	25.8	29.3	32.7	30.5	28.3	25.8
Rental income of persons with capital consumption adjustment	21.0	21.1	20.9	20.9	20.8	20.8	20.7	20.5	20.2	20.5	21.0	21.3	21.8	22.0	22.2
Dividends	31.1	32.8	31.0	32.1	32.1	32.1	32.4	32.6	32.9	33.2	33.5	33.9	33.8	33.8	31.7
Personal interest income	106.5	120.7	116.0	115.9	116.0	116.1	116.6	117.5	118.6	119.7	121.2	122.9	125.1	127.9	130.4
Transfer payments	140.4	175.0	156.3	159.0	165.4	167.2	168.6	169.3	189.0	176.8	178.1	181.3	180.6	181.4	183.1
Less: Personal contributions for social insurance	47.4	49.8	48.1	48.9	48.8	48.9	48.9	49.1	49.3	49.5	50.0	50.4	50.7	51.2	51.6
Nonagricultural income	1119.1	1210.2	1164.3	1167.6	1171.3	1176.2	1179.7	1186.2	1212.5	1207.2	1222.1	1234.8	1245.6	1256.3	1263.6
Agricultural income	35.6	35.6	36.1	35.0	31.9	28.8	29.3	31.0	32.7	36.8	40.3	43.9	41.8	39.6	37.5

NOTE.—Dept. of Commerce estimates. Monthly data seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

SUMMARY OF FUNDS RAISED IN U.S. CREDIT MARKETS

(Seasonally adjusted annual rates; in billions of dollars)

	Transaction category, or sector	1966	1967	1968	1969	1970	1971	1972	1973	1974	1974 H1	1974 H2	1975 H1	
		Credit market funds raised by nonfinancial sectors												
1	**Total funds raised by nonfinancial sectors**	**67.9**	**82.4**	**96.0**	**91.8**	**98.2**	**147.4**	**169.4**	**187.4**	**180.1**	**187.3**	**172.4**	**188.4**	1
2	***Excluding equities***	**66.9**	**80.0**	**96.0**	**87.9**	**92.4**	**135.9**	**158.9**	**180.1**	**176.2**	**181.9**	**170.0**	**179.6**	2
3	U.S. Government	3.6	13.0	13.4	−3.7	12.8	25.5	17.3	9.7	12.0	5.1	18.9	81.4	3
4	Public debt securities	2.3	8.9	10.4	−1.3	12.9	26.0	13.9	7.7	12.0	3.9	20.2	82.6	4
5	Agency issues and mortgages	1.3	4.1	3.1	−2.4	−.1	−.5	3.4	2.0	*	1.2	−1.3	−1.2	5
6	**All other nonfinancial sectors**	**64.3**	**69.4**	**82.6**	**95.5**	**85.4**	**121.9**	**152.1**	**177.7**	**168.1**	**182.2**	**153.4**	**107.0**	6
7	Corporate equities	1.0	2.4	*	3.9	5.8	11.5	10.5	7.2	3.8	5.4	2.3	8.8	7
8	*Debt instruments*	*63.3*	*67.0*	*82.6*	*91.6*	*79.7*	*110.4*	*141.6*	*170.4*	*164.2*	*176.8*	*151.1*	*98.2*	8
	Private domestic													
9	***Nonfinancial sectors***	**62.7**	**65.4**	**79.7**	**91.8**	**82.7**	**117.3**	**147.8**	**170.1**	**152.7**	**162.2**	**142.6**	**100.1**	9
10	Corporate equities	1.3	2.4	−.2	3.4	5.7	11.4	10.9	7.4	4.1	5.6	2.6	8.7	10
11	*Debt instruments*	*61.5*	*63.0*	*79.9*	*88.4*	*77.0*	*105.8*	*136.9*	*162.7*	*148.6*	*156.6*	*140.0*	*91.4*	11
12	Debt capital instruments	38.2	44.5	49.5	49.6	56.7	83.2	93.8	96.1	92.9	99.6	86.2	106.9	12
13	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	13
14	Corporate bonds	10.2	14.7	12.9	12.0	19.8	18.8	12.2	9.2	19.7	18.1	21.3	38.2	14
15	*Home mortgages*	*11.7*	*11.5*	*15.1*	*15.7*	*12.8*	*26.1*	*39.6*	*43.3*	*31.7*	*35.8*	*27.6*	*34.3*	15
16	*Multifamily residential mortgages*	*3.1*	*3.6*	*3.4*	*4.7*	*5.8*	*8.8*	*10.3*	*8.4*	*7.8*	*7.3*	*8.2*	*6.2*	16
17	*Commercial mortgages*	*5.7*	*4.7*	*6.4*	*5.3*	*5.3*	*10.0*	*14.8*	*17.0*	*11.5*	*15.7*	*7.2*	*5.7*	17
18	*Farm mortgages*	*1.8*	*2.3*	*2.2*	*1.9*	*1.8*	*2.0*	*2.6*	*4.4*	*4.9*	*4.5*	*5.4*	*5.1*	18
19	Other debt instruments	23.3	18.5	30.4	38.8	20.3	22.6	43.0	66.6	55.6	57.0	53.8	−15.4	19
20	Consumer credit	6.4	4.5	10.0	10.4	6.0	11.2	19.2	22.9	9.6	12.7	6.1	−.6	20
21	Bank loans n.e.c.	10.9	9.8	13.6	15.5	6.7	7.8	18.9	35.8	27.3	32.6	21.9	−16.1	21
22	Open-market paper	1.1	1.7	1.8	3.0	3.0	−1.2	−.5	.4	6.6	5.1	8.2	−1.5	22
23	Other	5.0	2.6	5.0	9.9	4.6	4.8	5.5	8.3	12.1	6.6	17.5	2.8	23
24	By borrowing sector:	62.7	65.4	79.7	91.8	82.7	117.3	147.8	170.1	152.7	162.2	142.6	100.1	24
25	State and local governments	6.3	7.9	9.8	10.7	11.3	17.8	14.2	12.3	16.6	16.4	16.7	14.0	25
26	Households	22.7	19.3	30.0	31.7	23.4	39.8	63.1	72.8	44.0	47.5	40.0	37.5	26
27	Farm	3.1	3.6	2.8	3.2	3.2	4.1	4.9	8.6	7.8	7.7	7.9	6.9	27
28	Nonfarm noncorporate	5.4	5.0	5.0	7.4	5.3	8.7	10.4	9.3	7.2	7.1	7.3	3.2	28
29	Corporate	25.3	29.6	31.6	38.9	39.5	46.8	55.3	67.2	77.1	83.5	70.7	38.6	29
30	***Foreign***	**1.5**	**4.0**	**2.8**	**3.7**	**2.7**	**4.6**	**4.3**	**7.5**	**15.4**	**20.0**	**10.9**	**6.9**	30
31	Corporate equities	−.3	.1	.2	.5	.1	*	−.4	−.2	−.3	−.2	−.3	.1	31
32	*Debt instruments*	*1.8*	*4.0*	*2.7*	*3.2*	*2.7*	*4.6*	*4.7*	*7.7*	*15.7*	*20.2*	*11.1*	*6.8*	32
33	Bonds	.7	1.2	1.1	1.0	.9	.9	1.0	1.0	2.2	2.1	2.3	5.0	33
34	Bank loans n.e.c.	−.2	−.3	−.5	−.2	−.3	1.6	2.9	2.8	4.7	9.6	−.2	−.5	34
35	Open-market paper	−.1	.5	−.2	.3	.8	.3	−1.0	2.2	7.1	7.0	7.1	−.4	35
36	U.S. Government loans	1.3	2.6	2.2	2.1	1.3	1.8	1.8	1.7	1.7	1.5	1.8	2.7	36
37	Memo: U.S. Govt. cash balance	−.4	1.2	−1.1	.4	2.8	3.2	−.3	−1.7	−4.6	−2.0	−7.1	3.1	37
	Totals net of changes in U.S. Govt. cash balances—													
38	Total funds raised	68.3	81.3	97.1	91.4	95.5	144.2	169.7	189.0	184.7	189.3	179.5	185.3	38
39	By U.S. Government	4.0	11.8	14.6	−4.1	10.0	22.3	17.6	11.4	16.6	7.1	26.0	78.2	39
		Credit market funds raised by financial sectors												
1	**Total funds raised by financial sectors**	**11.7**	**2.0**	**18.3**	**33.7**	**12.6**	**16.5**	**28.9**	**52.0**	**38.0**	**40.8**	**35.2**	**4.2**	1
2	Sponsored credit agencies	4.8	−.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	2
3	U.S. Government securities	5.1	−.6	3.2	9.1	8.2	3.8	6.2	19.6	21.4	16.8	26.0	6.9	3
4	Loans from U.S. Government	−.2	−.1	.2	−.3	.....	.....	.....	.....	.7	.....	1.4	1.1	4
5	Private financial sectors	6.9	2.6	14.9	24.9	4.3	12.7	22.8	32.4	15.9	24.1	7.8	−3.8	5
6	Corporate equities	3.7	3.0	6.4	6.1	4.6	3.3	2.4	.8	1.7	.5	3.0	3.8	6
7	*Debt instruments*	*3.2*	*−.4*	*8.5*	*18.8*	*−.3*	*9.3*	*20.3*	*31.6*	*14.2*	*23.6*	*4.8*	*−7.6*	7
8	Corporate bonds	.9	1.3	1.1	1.5	3.1	5.1	7.0	2.3	1.4	2.0	.9	2.3	8
9	Mortgages	−.9	1.0	.4	.2	.7	2.1	1.7	−1.2	−1.3	.1	−2.7	1.7	9
10	Bank loans n.e.c.	−1.0	−2.0	2.5	2.3	−.5	3.0	6.8	13.5	7.5	8.9	6.2	−8.8	10
11	Open-market paper and RP's	3.3	1.9	3.6	10.7	−5.0	1.8	4.9	9.8	−.1	5.8	−6.0	5.3	11
12	Loans from FHLB's	.9	−2.5	.9	4.0	1.3	−2.7	*	7.2	6.7	6.8	6.5	−8.1	12
13	**Total funds raised, by sector**	**11.7**	**2.0**	**18.3**	**33.7**	**12.6**	**16.5**	**28.9**	**52.0**	**38.0**	**40.8**	**35.2**	**4.2**	13
14	Sponsored credit agencies	4.8	−.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	14
15	Private financial sectors	6.9	2.6	14.9	24.9	4.3	12.7	22.8	32.4	15.9	24.1	7.8	−3.8	15
16	Commercial banks	−.1	.1	1.2	1.4	−3.1	2.5	4.0	4.5	−1.9	2.6	−6.4	5.8	16
17	Bank affiliates	.....	.....	.....	4.2	−1.9	−.4	.7	2.2	2.4	4.1	.7	.9	17
18	*Foreign banking agencies*	*.1*	*	*.1*	*.2*	*.1*	*1.6*	*.8*	*5.1*	*2.9*	*2.7*	*3.1*	*−.9*	18
19	Savings and loan associations	.1	−1.7	1.1	4.1	1.8	−.1	2.0	6.0	6.3	8.6	4.0	−8.0	19
20	Other insurance companies	.1	.1	.2	.5	.4	.6	.5	.5	.4	.4	.3	.3	20
21	Finance companies	3.1	1.2	5.7	8.3	1.6	4.2	9.3	9.4	3.9	3.6	4.2	−3.4	21
22	REITS	.....	.....	.7	1.3	2.7	3.0	6.1	6.3	1.0	2.8	−.9	−1.3	22
23	Open-end investment companies	3.7	3.0	5.8	4.8	2.6	1.1	−.7	−1.6	1.0	−.8	2.8	2.9	23
		Total credit market funds raised, all sectors, by type												
1	**Total funds raised**	**79.6**	**84.4**	**114.3**	**125.5**	**110.8**	**163.9**	**198.3**	**239.4**	**218.1**	**228.1**	**207.6**	**192.6**	1
2	Investment company shares	3.7	3.0	5.8	4.8	2.6	1.1	−.7	−1.6	1.0	−.8	2.8	2.9	2
3	Other corporate equities	1.1	2.5	.6	5.2	7.7	13.6	13.6	9.6	4.6	6.7	2.5	9.7	3
4	*Debt instruments*	*74.9*	*79.0*	*107.9*	*115.5*	*100.4*	*149.1*	*185.4*	*231.3*	*212.5*	*222.2*	*202.3*	*179.9*	4
5	U.S. Government securities	8.8	12.5	16.7	5.5	21.1	29.4	23.6	29.4	33.5	21.9	45.1	88.2	5
6	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	6
7	Corporate and foreign bonds	11.8	17.2	15.0	14.5	23.8	24.8	20.2	12.5	23.3	22.2	24.5	45.5	7
8	Mortgages	21.3	23.0	27.4	27.8	26.4	48.9	68.8	71.9	54.5	63.4	45.6	52.9	8
9	Consumer credit	6.4	4.5	10.0	10.4	6.0	11.2	19.2	22.9	9.6	12.7	6.1	−.6	9
10	Bank loans n.e.c.	9.7	7.5	15.7	17.6	5.8	12.4	28.5	52.1	39.5	51.1	27.9	−25.4	10
11	Open-market paper and RP's	4.4	4.0	5.2	14.1	−1.2	.9	3.3	11.6	13.6	17.8	9.4	3.3	11
12	Other loans	6.9	2.5	8.3	15.8	7.3	4.0	7.4	17.2	21.1	14.9	27.2	−1.5	12

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

(Seasonally adjusted annual rates; in billions of dollars)

	Transaction category, or sector	1966	1967	1968	1969	1970	1971	1972	1973	1974	1974 H1	1974 H2	1975 H1	
1	**Total funds advanced in credit markets to nonfinancial sectors**	66.9	80.0	95.9	88.0	92.5	135.9	158.9	180.1	176.2	181.9	170.0	179.6	1
	By public agencies and foreign													
2	**Total net advances**	11.9	11.3	12.2	15.7	28.1	41.7	18.3	33.2	49.2	39.5	58.9	36.1	2
3	U.S. Government securities	3.4	6.8	3.4	.7	15.9	33.8	8.4	11.0	8.6	6.9	10.4	27.6	3
4	Residential mortgages	2.8	2.1	2.8	4.6	5.7	5.7	5.2	7.6	13.8	11.7	15.9	16.8	4
5	FHLB advances to S&L's	.9	−2.5	.9	4.0	1.3	−2.7	*	7.2	6.7	6.8	6.5	−8.1	5
6	Other loans and securities	4.8	4.9	5.1	6.3	5.2	4.9	4.6	7.5	20.1	14.1	26.1	−.3	6
	By agency–													
7	U.S. Government	4.9	4.6	4.9	2.9	2.8	3.2	2.6	3.0	7.4	2.4	12.4	12.3	7
8	Sponsored credit agencies	5.1	−.1	3.2	8.9	10.0	3.2	7.0	20.3	24.1	20.5	27.6	10.1	8
9	Monetary authorities	3.5	4.8	3.7	4.2	5.0	8.9	.3	9.2	6.2	6.1	6.2	6.9	9
10	Foreign	−1.6	2.0	.3	−.3	10.3	26.4	8.4	.7	11.6	10.5	12.6	6.8	10
11	Agency borrowing not included in line 1	4.8	−.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	11
	Private domestic funds advanced													
12	**Total net advances**	59.8	68.1	87.2	81.1	72.6	98.1	146.7	166.5	149.1	159.2	138.5	151.5	12
13	U.S. Government securities	5.4	5.7	13.3	4.8	5.2	−4.4	15.2	18.4	24.9	15.0	34.7	60.6	13
14	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	14
15	Corporate and foreign bonds	10.3	16.0	13.8	12.5	20.0	19.5	13.2	10.1	20.6	19.2	21.9	43.1	15
16	Residential mortgages	12.0	13.0	15.5	15.7	12.8	29.1	44.6	44.1	25.6	31.4	19.8	23.6	16
17	Other mortgages and loans	27.4	23.1	35.9	42.2	24.6	33.7	59.5	87.4	67.4	82.1	52.2	−1.3	17
18	Less: FHLB advances	.9	−2.5	.9	4.0	1.3	−2.7	*	7.2	6.7	6.8	6.5	−8.1	18
	Private financial intermediation													
19	*Credit market funds advanced by private financial institutions*	*45.4*	*63.5*	*75.3*	*55.3*	*74.9*	*110.7*	*153.4*	*158.8*	*131.5*	*155.7*	*106.9*	*115.0*	19
20	Commercial banks	17.5	35.9	38.7	18.2	35.1	50.6	70.5	86.6	64.6	87.5	41.3	17.4	20
21	Savings institutions	7.9	15.0	15.6	14.5	16.9	41.4	49.3	35.1	26.9	35.4	18.3	61.6	21
22	Insurance and pension funds	15.5	12.9	14.0	12.7	17.3	13.3	17.7	22.1	34.3	29.1	39.4	34.8	22
23	Other finance	4.5	−.3	7.0	9.9	5.7	5.3	15.8	15.0	5.7	3.7	7.9	1.1	23
24	*Sources of funds*	*45.4*	*63.5*	*75.3*	*55.3*	*74.9*	*110.7*	*153.4*	*158.8*	*131.5*	*155.7*	*106.9*	*115.0*	24
25	Private domestic deposits	22.5	50.0	45.9	2.6	63.2	90.3	97.5	84.9	72.5	93.7	51.1	98.6	25
26	Credit market borrowing	3.2	−.4	8.5	18.8	−.3	9.3	20.3	31.6	14.2	23.6	4.8	−7.6	26
27	Other sources	19.8	13.9	21.0	34.0	12.0	11.0	35.5	42.4	44.8	38.4	50.9	24.0	27
28	Foreign funds	3.7	2.3	2.6	9.3	−8.5	−3.2	5.2	6.5	13.6	10.7	16.4	−5.4	28
29	Treasury balances	−.5	.2	−.2	*	2.9	2.2	.7	−1.0	−5.1	−2.1	−8.1	−1.9	29
30	Insurance and pension reserves	13.6	12.0	11.4	10.8	13.1	9.1	13.1	16.7	27.9	22.7	33.2	26.5	30
31	Other, net	3.0	−.6	7.2	13.8	4.4	2.9	16.5	20.2	8.4	7.1	9.4	4.7	31
	Private domestic nonfinancial investors													
32	Direct lending in credit markets	17.6	4.2	20.4	44.5	−2.6	−3.2	13.7	39.3	31.8	27.0	36.4	28.9	32
33	U.S. Government securities	8.4	−1.4	8.1	17.0	−9.0	−14.0	1.6	18.8	18.1	13.7	22.6	−5.0	33
34	State and local obligations	2.6	−2.5	−.2	8.7	−1.2	.6	2.1	4.4	10.8	8.3	13.3	13.5	34
35	Corporate and foreign bonds	2.0	4.6	4.7	6.6	10.7	9.3	5.2	1.1	−1.7	−1.4	−1.9	14.9	35
36	Commercial paper	2.3	1.9	5.8	10.2	−4.4	−.6	4.0	11.3	1.6	4.3	−1.0	2.7	36
37	Other	2.3	1.7	2.1	2.0	1.4	1.5	.8	3.8	2.9	2.2	3.5	2.8	37
38	Deposits and currency	24.4	52.1	48.3	5.4	66.6	93.7	101.9	88.8	78.8	102.3	55.2	105.9	38
39	Time and savings accounts	20.3	39.3	33.9	−2.3	56.1	81.0	85.2	76.3	71.9	89.0	54.8	87.7	39
40	Large negotiable CD's	−.2	4.3	3.5	−13.7	15.0	7.7	8.7	18.5	23.6	30.0	17.2	−22.0	40
41	Other at commercial banks	13.3	18.3	17.5	3.4	24.2	32.9	30.6	29.5	26.6	32.4	20.7	39.3	41
42	At savings institutions	7.3	16.7	12.9	8.0	16.9	40.4	45.9	28.2	21.8	26.6	16.9	70.4	42
43	Money	4.1	12.8	14.5	7.7	10.5	12.7	16.7	12.6	6.8	13.3	.4	18.1	43
44	Demand deposits	2.1	10.6	12.1	4.8	7.1	9.3	12.3	8.6	.5	4.8	−3.7	10.9	44
45	Currency	2.0	2.1	2.4	2.8	3.5	3.4	4.4	3.9	6.3	8.5	4.1	7.3	45
46	**Total of credit market instr., deposits, and currency**	42.0	56.3	68.7	49.9	64.1	90.5	115.7	128.1	110.5	129.3	91.6	134.8	46
47	*Private support rate (in per cent)*	17.9	14.1	12.7	17.8	30.4	30.7	11.5	18.4	27.9	21.7	34.6	20.1	47
48	Private financial intermediation (in per cent)	75.9	93.2	86.4	68.3	103.1	112.8	104.5	95.4	88.2	97.8	77.2	75.9	48
49	Total foreign funds	2.1	4.3	2.9	9.1	1.8	23.2	13.6	7.2	25.1	21.2	29.0	1.4	49
		Corporate equities not included above												
1	**Total net issues**	4.8	5.5	6.4	10.0	10.4	14.8	12.9	8.0	5.6	5.9	5.3	12.7	1
2	Mutual fund shares	3.7	3.0	5.8	4.8	2.6	1.1	−.7	−1.6	1.0	−.8	2.8	2.9	2
3	Other equities	1.1	2.5	.6	5.2	7.7	13.6	13.6	9.6	4.6	6.7	2.5	9.7	3
4	Acquisitions by financial institutions	6.0	9.1	10.8	12.2	11.4	19.3	16.0	13.4	6.1	8.5	3.6	11.1	4
5	Other net purchases	−1.2	−3.6	−4.4	−2.2	−1.0	−4.5	−3.1	−5.4	−.5	−2.7	1.7	1.6	5

Notes

Line

1. Line 2 of p. A-56.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies. Included below in lines 13 and 33. Includes all GNMA-guaranteed security issues backed by mortgage pools.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 + 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
39+44. See line 25.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 28.

Corporate equities

Line 1 and 3. Includes issues by financial institutions.

1. U.S. BALANCE OF PAYMENTS SUMMARY

(In millions of dollars. Quarterly figures are seasonally adjusted *unless shown in italics.*)

Line	Credits (+), debits (−)	1972	1973	1974	1974 III	1974 IV	1975 I	1975 II	1975 III[p]
1	Merchandise trade balance [1]	−6,409	955	−5,277	−2,315	−1,380	1,830	3,378	2,026
2	Exports	49,388	71,379	98,309	25,034	26,593	27,188	25,692	26,716
3	Imports	−55,797	−70,424	−103,568	−27,349	−27,973	−25,358	−22,314	−24,690
4	Military transactions, net	−3,621	−2,317	−2,158	−513	−498	−349	−405	128
5	Travel and transportation, net	−3,024	−2,862	−2,692	−721	−741	−572	−393	−480
6	Investment income, net [2]	4,321	5,179	10,121	2,354	2,559	1,176	1,392	1,778
7	U.S. direct investments abroad [2]	6,416	8,841	17,679	4,700	4,080	2,156	2,171	2,371
8	Other U.S. investments abroad	3,746	5,157	8,389	2,354	2,358	2,148	2,075	2,307
9	Foreign investments in the United States [2]	−5,841	−8,819	−15,946	−4,700	−3,879	−3,128	−2,854	−2,900
10	Other services, net [2]	2,803	3,222	3,830	960	1,049	1,093	1,043	1,095
11	**Balance on goods and services [3]**	**−5,930**	**4,177**	3,825	**−235**	**989**	**3,178**	**5,015**	**4,547**
	Not seasonally adjusted	....	....	....	*−2,871*	*2,348*	*4,230*	*5,234*	*1,978*
12	Remittances, pensions, and other transfers	−1,606	−1,903	−1,721	−457	−439	−448	−462	−426
13	**Balance on goods, services, and remittances**	**−7,537**	**2,274**	**2,104**	**−692**	**550**	**2,730**	**4,553**	**4,121**
	Not seasonally adjusted	....	....	....	*−3,340*	*1,904*	*3,812*	*4,762*	*1,539*
14	U.S. Government grants (excluding military)	−2,173	−1,938	[4]−5,461	−808	−649	−727	−721	−621
15	**Balance on current account**	**−9,710**	**335**	[4]−3,357	**−1,500**	**−99**	**2,003**	**3,832**	**3,500**
	Not seasonally adjusted	....	....	....	*−4,104*	*1,289*	*3,075*	*3,973*	*964*
16	U.S. Government capital flows excluding nonscheduled repayments, net [5]	−1,706	−2,933	[4]408	−195	−985	−1,015	−821	−701
17	*Nonscheduled repayments of U.S. Government assets*	*137*	289	*1*	*	*	....	....	*
18	U.S. Government nonliquid liabilities to other than foreign official reserve agencies	234	1,154	710	278	125	541	467	138
19	Long-term private capital flows, net	−69	177	−8,463	−2,157	−5,570	−2,199	−2,431	−1,357
20	U.S. direct investments abroad	−3,530	−4,968	−7,455	−1,828	−3,310	−1,041	−2,304	−668
21	Foreign direct investments in the United States [6]	380	2,656	2,224	−1	−653	340	679	−124
22	Foreign securities	−618	−759	−1,990	−304	−726	−2,021	−1,001	−988
23	U.S. securities other than Treasury issues [6]	4,507	4,055	672	204	−663	653	678	1,033
24	Other, reported by U.S. banks	−1,158	−706	−1,166	48	−285	−437	−648	−710
27	*Other, reported by U.S. nonbanking concerns*	351	*−101*	−748	−276	67	307	165	110
26	**Balance on current account and long-term capital [5]**	**−11,113**	**−977**	**−10,702**	**−3,574**	**−6,529**	**−670**	**1,047**	**1,580**
	Not seasonally adjusted	....	....	....	*−6,097*	*−4,616*	*−134*	*1,116*	*−837*
27	Nonliquid short-term private capital flows, net	−1,542	−4,238	−12,936	−1,458	−2,305	1,929	−970	−1,335
28	Claims reported by U.S. banks	−1,457	−3,886	−12,173	−1,614	−2,406	1,733	−1,008	−1,116
29	Claims reported by U.S. nonbanking concerns	−306	−1,183	−2,603	−276	−137	250	−167	202
30	Liabilities reported by U.S. nonbanking concerns	221	831	1,840	432	238	−54	205	−421
31	Allocations of Special Drawing Rights (SDR's)	710	....	....	....	....	....	....	....
32	*Errors and omissions, net*	*−1,884*	−2,436	4,698	*1,135*	*1,236*	2,067	843	−37
33	**Net liquidity balance**	**−13,829**	**−7,651**	**−18,940**	**−3,897**	**−7,598**	**3,326**	**920**	208
	Not seasonally adjusted	....	....	....	*−5,538*	*−6,475*	*4,471*	*774*	*−1,500*
34	Liquid private capital flows, net	3,475	2,343	10,543	4,014	2,730	−6,587	−2,634	4,711
35	Liquid claims	−1,247	−1,951	−6,267	−249	−2,101	−4,744	−2,287	378
36	Reported by U.S. banks	−742	−1,161	−6,134	−753	−1,732	−5,062	−2,413	926
37	Reported by U.S. nonbanking concerns	−505	−790	−133	504	−369	318	126	−548
38	Liquid liabilities —	4,722	4,294	16,810	4,263	4,831	−1,843	−347	4,333
39	*Foreign commercial banks*	3,717	3,028	*12,621*	*3,178*	2,730	*−2,818*	*175*	2,429
40	International and regional organizations	103	377	1,319	215	1,308	871	−666	1,191
41	Other foreigners	902	889	2,870	870	793	104	144	713
42	**Official reserve transactions balance, financed by changes in—**	**−10,354**	**−5,308**	**−8,397**	**117**	**−4,868**	**−3,261**	**−1,714**	**4,919**
	Not seasonally adjusted	....	....	....	*−1,684*	*−4,070*	*−2,214*	*−1,290*	*3,051*
43	Liquid liabilities to foreign official agencies	9,734	4,456	8,503	751	3,886	2,751	1,423	−4,828
44	Other readily marketable liabilities to foreign official agencies [7]	399	1,118	673	136	630	841	321	252
45	*Nonliquid liabilities to foreign official reserve agencies reported by U.S. Govt.*	*189*	−475	655	*−1*	215	*−6*	*−1*	*−1*
46	U.S. official reserve assets, net	32	209	−1,434	−1,003	137	−325	−29	−342
47	Gold	547	....	....	....	....	....	....	....
48	SDR's	−703	9	−172	−123	−20	−4	−16	−25
49	Convertible currencies	35	233	3	−152	241	−14	−6	−222
50	Gold tranche position in IMF	153	−33	−1,265	−728	−84	−307	−7	−95
	Memoranda:								
51	Transfers under military grant programs (excluded from lines 2, 4, and 14)	4,492	2,809	*1,811*	*352*	490	787	*1,244*	66
52	Reinvested earnings of foreign incorporated affiliates of U.S. firms (excluded from lines 7 and 20)	4,521	8,124	7,508	....	....	....	....	....
53	Reinvested earnings of U.S. incorporated affiliates of foreign firms (excluded from lines 9 and 21)	548	945	1,554	....	....	....	....	....
	Balances excluding allocations of SDR's:								
54	*Net liquidity, not seasonally adjusted*	*−14,539*	*−7,651*	*−18,940*	*−5,538*	*−6,475*	*4,471*	*774*	*−1,500*
55	*Official reserve transactions, N.S.A.*	*−11,064*	*−5,308*	*−8,397*	*−1,684*	*−4,070*	*−2,214*	*−1,290*	*3,051*

For notes see opposite page.

2. MERCHANDISE EXPORTS AND IMPORTS

(Seasonally adjusted; in millions of dollars)

	Exports [1]				Imports [2]				Trade balance			
	1972	1973	1974	1975 r	1972	1973	1974 [3]	1975 r	1972	1973	1974 [3]	1975 r
Month:												
Jan.	4,074	4,955	7,150	9,412	4,436	5,244	6,498	9,617	−361	−289	+652	−205
Feb.	3,824	5,070	7,549	8,787	4,473	5,483	7,318	7,880	−649	−413	+231	+908
Mar.	3,869	5,311	7,625	8,693	4,515	5,414	7,742	7,285	−647	−103	−117	+1,408
Apr.	3,820	5,494	8,108	8,574	4,417	5,360	8,025	8,022	−596	+133	+83	+552
May	3,882	5,561	7,652	8,144	4,486	5,703	8,265	7,103	−604	−142	−612	+1,041
June	3,971	5,728	8,317	8,692	4,468	5,775	8,577	6,962	−497	−47	−260	+1,730
July	4,074	5,865	8,307	8,884	4,565	5,829	8,922	7,913	−491	+37	−615	+971
Aug.	4,191	6,042	8,379	8,970	4,726	6,011	9,267	7,967	−535	+32	−888	+1,003
Sept.	4,176	6,420	8,399	9,157	4,612	5,644	8,696	8,189	−436	+776	−297	+968
Oct.	4,312	6,585	8,673	9,288	4,738	5,996	8,773	8,212	−426	+589	−100	+1,076
Nov.	4,468	6,879	8,973	9,409	5,148	6,684	8,973	8,299	−680	+195	....	+1,110
Dec.	4,553	6,949	8,862	9,325	5,002	6,291	9,257	8,746	−449	+658	−395	+579
Quarter:												
I	11,767	15,336	22,325	26,892	13,424	16,140	21,558	24,782	−1,657	−804	+767	+2,111
II	11,673	16,783	24,077	25,409	13,370	16,839	24,867	22,087	−1,697	−56	−790	+3,322
III	12,442	18,327	25,085	27,010	13,903	17,483	26,885	24,068	−1,461	+844	−1,800	+2,942
IV	13,333	20,413	26,508	28,022	14,888	18,972	27,003	25,258	−1,555	+1,441	−495	+2,765
Year [4]	49,199	70,823	97,908	107,191	55,583	69,476	100,251	96,140	−6,384	+1,347	−2,343	+11,050

1 Exports of domestic and foreign merchandise (f.a.s. value basis); excludes Department of Defense shipments under military grant-aid programs.

2 General imports, which includes imports for immediate consumption plus entries into bonded warehouses. See also note 3.

3 Beginning with 1974 data, imports are reported on an f.a.s. transactions value basis; prior data are reported on a Customs import value basis. For calender year 1974, the f.a.s. import transactions value was $100.3 billion, about 0.7 per cent less than the corresponding Customs import value of $101.0 billion.

4 Sum of unadjusted figures.

NOTE.—Bureau of the Census data. Details may not add to totals because of rounding.

3. U.S. RESERVE ASSETS

(In millions of dollars)

End of year	Total	Gold stock [1]: Total [2]	Gold stock [1]: Treasury	Convertible foreign currencies	Reserve position in IMF	SDR's [3]
1961	18,753	16,947	16,889	116	1,690	....
1962	17,220	16,057	15,978	99	1,064	....
1963	16,843	15,596	15,513	212	1,035	....
1964	16,672	15,471	15,388	432	769	....
1965	15,450	13,806	13,733	781	863	....
1966	14,882	13,235	13,159	1,321	326	....
1967	14,830	12,065	11,982	2,345	420	....
1968	15,710	10,892	10,367	3,528	1,290	....
1969	[4] 16,964	11,859	10,367	[4] 2,781	2,324	....
1970	14,487	11,072	10,732	629	1,935	851
1971	[5] 12,167	10,206	10,132	[5] 276	585	1,100
1972 [6]	13,151	10,487	10,410	241	465	1,958
1973 [7]	14,378	11,652	11,567	8	552	2,166
1974	15,883	11,652	11,652	5	1,852	2,374

End of month	Total	Gold stock: Total [2]	Gold stock: Treasury	Convertible foreign currencies	Reserve position in IMF	SDR's [3]
1975—						
Jan.	15,948	11,635	11,635	2	1,908	2,403
Feb.	16,132	11,621	11,621	2	2,065	2,444
Mar.	16,256	11,620	11,620	19	2,194	2,423
Apr.	16,183	11,620	11,620	2	2,168	2,393
May	16,280	11,620	11,620	4	2,218	2,438
June	16,242	11,620	11,620	25	2,179	2,418
July	16,084	11,618	11,618	2	2,135	2,329
Aug.	16,117	11,599	11,599	28	2,169	2,321
Sept.	16,291	11,599	11,599	247	2,144	2,301
Oct.	16,569	11,599	11,599	413	2,192	2,365
Nov.	16,592	11,599	11,599	423	2,234	2,336
Dec.	16,226	11,599	11,599	80	2,212	2,335
1976—						
Jan.	[8] 16,622	11,599	11,599	333	[8] 2,314	[8] 2,376

1 Includes (a) gold sold to the United States by the IMF with the right of repurchase, and (b) gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the IMF under quota increases. For corresponding liabilities, see Table 5.

2 Includes gold in Exchange Stabilization Fund.

3 Includes allocations by the IMF of Special Drawing Rights as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

4 Includes gain of $67 million resulting from revaluation of the German mark in Oct. 1969, of which $13 million represents gain on mark holdings at time of revaluation.

5 Includes $28 million increase in dollar value of foreign currencies revalued to reflect market exchange rates as of Dec. 31, 1971.

6 Total reserve assets include an increase of $1,016 million resulting from change in par value of the U.S. dollar on May 8, 1972; of which, total gold stock is $828 million (Treasury gold stock $822 million), reserve position in IMF $33 million, and SDR's $155 million.

7 Total reserve assets include an increase of $1,436 million resulting from change in par value of the U.S. dollar on Oct. 18, 1973; of which, total gold stock is $1,165 million (Treas. gold stock $1,157 million) reserve position in IMF $54 million, and SDR's $217 million.

8 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF are also valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR 1 = $1.20635) SDR holdings at end of Jan. amounted to $2,449 million reserve position in IMF, $2,283 million, and total U.S. reserves assets, $2,389.

NOTE.—See Table 20 for gold held under earmark at F.R. Banks for foreign and international accounts. Gold under earmark is not included in the gold stock of the United States.

NOTES TO TABLE 1 ON OPPOSITE PAGE:

1 Adjusted to balance of payments basis; among other adjustments, excludes military transactions and includes imports into the U.S. Virgin Islands.

2 Fees and royalities from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in "Other services."

3 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes special military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

4 Includes under U.S. Government grants $2 billion equivalent, representing the refinancing of economic assistance loans to India; a corresponding reduction of credits is shown in line 16.

5 Includes some short-term U.S. Govt. assets.

6 Includes some transactions of foreign official agencies.

7 Includes changes in long-term liabilities reported by banks in the United States and in investments by foreign official agencies in debt securities of U.S. Federally sponsored agencies and U.S. corporations.

NOTE.—Data are from U.S. Department of Commerce, Bureau of Economic Analysis. Details may not add to totals because of rounding.

4. GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

(In millions of dollars; valued at $35 per fine ounce through Apr. 1972, at $38 from May 1972–Sept. 1973, and at $42.22 thereafter)

End of period	Esti-mated total world[1]	Intl. Mone-tary Fund	United States	Esti-mated rest of world	Algeria	Argen-tina	Aus-tralia	Aus-tria	Bel-gium	Canada	China, Rep. of (Taiwan)	Den-mark	Egypt
1970	41,275	4,339	11,072	25,865	191	140	239	714	1,470	791	82	64	85
1971	41,160	4,732	10,206	26,220	192	90	259	729	1,544	792	80	64	85
1972	44,890	5,830	10,487	28,575	208	152	281	792	1,638	834	87	69	92
1973	49,850	6,478	11,652	31,720	231	169	311	881	1,781	927	97	77	103
1974	49,790	6,478	11,652	31,660	231	169	312	882	1,781	927	97	76	103
1975—Jan.	....	6,478	11,635	....	231	169	312	882	1,781	927	97	76	103
Feb.	....	6,478	11,621	....	231	169	312	882	1,781	927	97	76	103
Mar.	49,760	6,478	11,620	31,660	231	169	312	882	1,781	927	97	76	103
Apr.	....	6,478	11,620	....	231	169	312	882	1,781	927	97	76	103
May	....	6,478	11,620	....	231	169	312	882	1,781	927	97	76	103
June	49,755	6,478	11,620	31,655	231	169	312	882	1,781	927	97	76	103
July	....	6,478	11,618	....	231	169	312	882	1,781	927	97	76	103
Aug.	....	6,478	11,599	....	231	169	312	882	1,781	927	97	76	103
Sept.	p49,740	6,478	11,599	p31,660	231	169	312	882	1,781	927	97	76	103
Oct.	....	6,478	11,599	....	231	169	312	882	1,781	927	97	76	....
Nov.	....	6,478	11,599	....	231	....	312	882	1,781	927	97	76	....
Dec.p	....	6,478	11,599	....	231	....	312	882	1,781	927	....	76	....

End of period	France	Ger-many	Greece	India	Iran	Iraq	Italy	Japan	Kuwait	Leb-anon	Libya	Mexi-co	Nether-lands
1970	3,532	3,980	117	243	131	144	2,887	532	86	288	85	176	1,787
1971	3,523	4,077	98	243	131	144	2,884	679	87	322	85	184	1,909
1972	3,826	4,459	133	264	142	156	3,130	801	94	350	93	188	2,059
1973	4,261	4,966	148	293	159	173	3,483	891	120	388	103	196	2,294
1974	4,262	4,966	150	293	158	173	3,483	891	148	389	103	154	2,294
1975—Jan.	4,262	4,966	150	293	158	173	3,483	891	140	389	103	154	2,294
Feb.	4,262	4,966	150	293	158	173	3,483	891	140	389	103	154	2,294
Mar.	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
Apr.	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
May	4,262	4,966	150	293	158	173	3,483	891	175	389	103	154	2,294
June	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
July	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
Aug.	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
Sept.	4,262	4,966	150	293	158	173	3,483	891	160	389	103	154	2,294
Oct.	4,262	4,966	150	293	158	173	3,483	891	160	....	103	....	2,294
Nov.	4,262	4,966	150	....	158	173	3,483	891	160	....	103	....	2,294
Dec.p	4,262	4,966	....	....	158	....	3,483	891	160	....	103	....	2,294

End of period	Paki-stan	Portu-gal	Saudi Arabia	South Africa	Spain	Sweden	Switzer-land	Thai-land	Turkey	United King-dom	Uru-guay	Vene-zuela	Bank for Intl. Settle-ments[2]
1970	54	902	119	666	498	200	2,732	92	126	1,349	162	384	−282
1971	55	921	108	410	498	200	2,909	82	130	775	148	391	310
1972	60	1,021	117	681	541	217	3,158	89	136	800	133	425	218
1973	67	1,163	129	802	602	244	3,513	99	151	886	148	472	235
1974	67	1,180	129	771	602	244	3,513	99	151	886	148	472	250
1975—Jan.	67	1,175	129	764	602	244	3,513	99	151	886	148	472	265
Feb.	67	1,175	129	759	602	244	3,513	99	151	886	148	472	272
Mar.	67	1,175	129	755	602	244	3,513	99	151	886	148	472	259
Apr.	67	1,175	129	747	602	244	3,513	99	151	886	148	472	260
May	67	1,175	129	742	602	244	3,513	99	151	886	148	472	239
June	67	1,175	129	734	602	244	3,513	99	151	886	148	472	262
July	67	1,175	129	742	602	244	3,513	99	151	886	135	472	264
Aug.	67	1,175	129	744	602	244	3,513	99	151	886	135	472	264
Sept.	67	1,175	129	762	602	244	3,513	99	151	886	135	472	254
Oct.	67	1,175	....	754	602	244	3,513	99	151	....	135	472	256
Nov.	67	1,175	....	752	602	244	3,513	99	151	....	....	472	259
Dec.p	67	....	....	749	....	244	3,513	99	....	....	....	472	246

[1] Includes reported or estimated gold holdings of international and regional organizations, central banks and govts. of countries listed in this table, and also of a number not shown separately here, and gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold; excludes holdings of the U.S.S.R., other Eastern European countries, and People's Republic of China.

The figures included for the Bank for International Settlements are the Bank's gold assets net of gold deposit liabilities. This procedure avoids the overstatement of total world gold reserves since most of the gold deposited with the BIS is included in the gold reserves of individual countries.

[2] Net gold assets of BIS, i.e., gold assets minus gold deposit liabilities.

5. U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS, AND LIQUID LIABILITIES TO ALL OTHER FOREIGNERS

(In millions of dollars)

End of period	Total	Liquid liabilities to IMF arising from gold transactions[1]	Liabilities to foreign countries: Official institutions[2]: Total	Short-term liabilities reported by banks in U.S.	Marketable U.S. Treas. bonds and notes[3]	Nonmarketable U.S. Treas. bonds and notes[4]	Other readily marketable liabilities[5]	Liquid liabilities to commercial banks abroad[6]	Liquid liabilities to other foreigners: Total	Short-term liabilities reported by banks in U.S.	Marketable U.S. Treas. bonds and notes[3,7]	Liquid liabilities to nonmonetary intl. and regional organizations[8]
1963	26,394	800	14,425	12,467	1,183	766	9	5,817	3,387	3,046	341	1,965
1964[9]	29,313	800	15,790	13,224	1,125	1,283	158	7,271	3,730	3,354	376	1,722
	29,364	800	15,786	13,220	1,125	1,283	158	7,303	3,753	3,377	376	1,722
1965	29,568	834	15,825	13,066	1,105	1,534	120	7,419	4,059	3,587	472	1,431
1966[9]	31,144	1,011	14,840	12,484	860	583	913	10,116	4,271	3,743	528	906
	31,019	1,011	14,895	12,539	860	583	913	9,936	4,272	3,744	528	905
1967[9]	35,819	1,033	18,201	14,034	908	1,452	1,807	11,209	4,685	4,127	558	691
	35,667	1,033	18,194	14,027	908	1,452	1,807	11,085	4,678	4,120	558	677
1968[9]	38,687	1,030	17,407	11,318	529	3,219	2,341	14,472	5,053	4,444	609	725
	38,473	1,030	17,340	11,318	462	3,219	2,341	14,472	4,909	4,444	465	722
1969[9]	[10]45,755	1,109	[10]15,975	11,054	346	[10]3,070	1,505	23,638	4,464	3,939	525	659
	45,914	1,019	15,998	11,077	346	3,070	1,505	23,645	4,589	4,064	525	663
1970—Dec.	47,009	566	23,786	19,333	306	3,452	695	17,137	4,676	4,029	647	844
	46,960	566	23,775	19,333	295	3,452	695	17,169	4,604	4,039	565	846
1971—Dec.[11]	67,681	544	51,209	39,679	1,955	9,431	144	10,262	4,138	3,691	447	1,528
	67,808	544	50,651	39,018	1,955	9,534	144	10,949	4,141	3,694	447	1,523
1972—Dec.	82,862	....	61,526	40,000	5,236	15,747	543	14,666	5,043	4,618	425	1,627
1973—Dec.	[12]92,456	....	[12]66.827	[12]43,923	5,701	[12]15,530	1,673	17.694	5,932	5.502	430	2.003
1974—Dec.[9]	119,097	....	76,658	53,057	5,059	16,196	2,346	30,314	8,803	8,305	498	3,322
	119,010	....	76,665	53,064	5,059	16,196	2,346	30,079	8,943	8,445	498	3,322
1975—Jan.	118,036	....	75,960	51,832	5,177	16,324	2,627	29,135	8,752	8,244	508	4,189
Feb.	119,332	....	78,689	54,310	5,279	16,324	2,776	27,297	9,093	8,483	610	4,253
Mar.	119,854	....	79,210	53,696	6,003	16,324	3,187	27,404	9,047	8,411	636	4,193
Apr.	120,810	....	79,085	53,521	5,941	16,365	3,258	28,794	8,843	8,188	655	4,088
May	122,078	....	79,799	52,395	6,064	17,925	3,415	28,910	9,115	8,492	623	4,254
June[r]	121,872	....	80,533	51,879	6,119	19,027	3,508	28,136	9,192	8,538	654	4,011
July	122,268	....	79,705	50,318	6,160	19,474	3,753	29,157	9,122	8,412	710	4,284
Aug.	123,629	....	79,259	49,917	6,276	19,324	3,742	30,364	9,651	8,980	671	4,355
Sept.[r]	123,117	....	77,921	48,075	6,452	19,524	3,870	30,310	9,904	9,203	701	4,982
Oct.	123,228	....	79,798	49,602	6,624	19,524	4,048	28,467	10,021	9,283	738	4,942
Nov.	126,261	....	79,222	49,129	6,454	19,584	4,055	32,210	10,234	9,527	707	4,595
Dec.	125,448	....	79,521	48,989	6,500	19,834	4,198	29,493	10,762	10,033	729	5,672

1 Includes (a) liability on gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for gold subscriptions to the IMF under quota increases, and (b) U.S. Treasury obligations at cost value and funds awaiting investment obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets.

2 Includes BIS, and European Fund through Dec. 1972.

3 Derived by applying reported transactions to benchmark data; breakdown of transactions by type of holder estimated for 1963.

4 Excludes notes issued to foreign official nonreserve agencies.

5 Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.

6 Includes short-term liabilities payable in dollars to commercial banks abroad and short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.

7 Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad.

8 Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

9 Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on first line are comparable with those shown for the preceding date; figures on second line are comparable with those shown for the following date.

10 Includes $101 million increase in dollar value of foreign currency liabilities resulting from revaluation of the German mark in Oct. 1969.

11 Data on the second line differ from those on first line because certain accounts previously classified as official institutions are included with banks; a number of reporting banks are included in the series for the first time; and U.S. Treasury securities payable in foreign currencies issued to official institutions of foreign countries have been increased in value to reflect market exchange rates as of Dec. 31, 1971.

12 Includes $162 million increase in dollar value of foreign currency liabilities revalued to reflect market exchange rates, as follows: short-term liabilities, $15 million; and nonmarketable U.S. Treasury notes, $147 million.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks and brokers in the United States. Table excludes IMF holdings of dollars, and U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by other international and regional organizations.

6. U.S. LIABILITIES TO OFFICIAL INSTITUTIONS OF FOREIGN COUNTRIES, BY AREA

(Amounts outstanding; in millions of dollars)

End of period	Total foreign countries	Western Europe[1]	Canada	Latin American republics	Asia	Africa	Other countries[2]
1971	50,651	30,134	3,980	1,429	13,823	415	870
1972	61,526	34,197	4,279	1,733	17,577	777	2,963
1973	66,827	45,730	3,853	2,544	10,887	788	3,025
1974—Dec.[3]	76,658	44,185	3,662	4,419	18,604	3,161	2,627
	76,665	44,185	3,662	4,419	18,611	3,161	2,627
1975—Jan.	75,960	43,331	3,621	3,659	19,555	3,232	2,562
Feb.	78,689	44,770	3,616	4,223	20,274	3,356	2,450
Mar.	79,210	45,776	3,546	4,390	19,441	3,433	2,624
Apr.	79,085	45,063	3,251	4,506	20,062	3,493	2,710
May	79,799	45,310	3,101	4,600	20,423	3,448	2,917
June	80,533	45,276	3,008	4,723	20,457	3,800	3,269
July	79,705	44,241	2,966	4,748	21,299	3,319	3,132
Aug.	79,259	44,068	2,929	4,924	20,972	3,392	2,974
Sept.	77,921	43,359	3,011	4,830	20,819	3,137	2,763
Oct.	79,798	44,867	3,049	4,254	22,008	3,018	2,602
Nov.[p]	79,222	44,602	3,223	4,056	21,776	2,951	2,614
Dec.[p]	79,521	45,139	3,137	4,448	21,961	2,983	1,853

[1] Includes Bank for International Settlements, and European Funds through 1972.

[2] Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

[3] See note 9 to Table 5.

NOTE.—Data represent short- and long-term liabilities to the official institutions of foreign countries, as reported by banks in the United States; foreign official holdings of marketable and nonmarketable U.S. Treasury securities with an original maturity of more than 1 year, except for nonmarketable notes issued to foreign official nonreserve agencies; and investments by foreign official reserve agencies in debt securities of U.S. Federally sponsored agencies and U.S. corporations.

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	To all foreigners							IMF gold investment[5]	To nonmonetary international and regional organizations[6]				
	Total[1]	Payable in dollars					Payable in foreign currencies		Total	Deposits		U.S. Treasury bills and certificates	Other short-term liab.[7]
		Total	Deposits		U.S. Treasury bills and certificates[3]	Other short-term liab.[4]				Demand	Time[2]		
			Demand	Time[2]									
1971	55,428	55,036	6,459	4,217	33,025	11,335	392	400	1,367	73	192	210	892
1972	60,696	60,200	8,290	5,603	31,850	14,457	496	....	1,412	86	202	326	799
1973	69,074	68,477	11,310	6,882	31,886	18,399	597	....	1,955	101	83	296	1,474
1974—Dec.[8]	94,847	94,081	14,068	10,106	35,662	34,246	766		3,171	139	111	497	2,424
	94,760	93,994	14,064	10,010	35,662	34,258	766		3,171	139	111	497	2,424
1975—Jan.	93,132	92,412	12,284	10,053	38,108	31,966	721	....	3,921	123	111	1,234	2,453
Feb.	94,065	93,332	12,135	10,202	40,428	30,567	733	....	3,976	118	102	1,260	2,495
Mar.	93,006	92,325	12,319	10,043	40,094	29,869	682	....	3,496	189	116	777	2,413
Apr.	94,103	93,362	11,691	10,390	40,424	30,857	742	....	3,601	99	126	781	2,594
May	93,651	92,986	11,925	10,374	40,628	30,059	665	....	3,853	115	133	1,994	1,612
June	r92,490	r91,906	12,595	10,536	38,265	r30,458	584	....	3,453	106	133	996	2,219
July	92,002	91,442	12,215	10,372	38,553	30,301	560	....	4,115	146	134	2,518	1,317
Aug.	93,515	92,953	12,215	10,804	38,518	31,416	562	....	4,253	110	148	3,156	839
Sept.[r]	92,483	91,929	13,422	10,518	36,642	31,346	554	....	4,895	107	127	3,008	1,389
Oct.	91,935	91,300	12,160	10,583	37,749	30,807	635	....	4,582	132	151	2,397	1,903
Nov.[p]	95,337	94,697	12,815	10,354	37,297	34,231	640	....	4,471	145	156	1,605	2,562
Dec.[p]	93,801	93,202	13,714	10,658	37,436	31,394	599	....	5,285	139	187	2,547	2,405

For notes see opposite page.

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE—Continued

(Amounts outstanding; in millions of dollars)

End of period	Total to official, banks and other foreigners: Total	Payable in dollars: Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates[3]	Other short-term liab.[4]	Payable in foreign currencies	To official institutions[9]: Total	Payable in dollars: Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates[3]	Other short-term liab.[7]	Payable in foreign currencies
1972	59,284	8,204	5,401	31,523	13,659	496	40,000	1,591	2,880	31,453	3,905	171
1973	67,119	11,209	6,799	31,590	16,925	597	43,923	2,125	3,911	31,511	6,248	127
1974—Dec.[8]	91,676	13,928	9,995	35,165	31,822	766	53,057	2,951	4,257	34,656	11,066	127
	91,589	13,925	9,899	35,165	31,834	766	53,064	2,951	4,167	34,656	11,163	127
1975—Jan.	89,211	12,161	9,942	36,874	29,513	721	51,832	2,185	4,201	36,531	8,916	....
Feb.	90,090	12,016	10,100	39,169	28,072	733	54,310	2,058	4,206	38,840	9,206	....
Mar.	89,511	12,130	9,927	39,316	27,456	682	53,696	2,323	4,203	39,015	8,154	....
Apr.	90,503	11,592	10,264	39,643	28,263	742	53,521	2,147	4,193	39,316	7,864	....
May	89,797	11,811	10,241	38,634	28,448	665	52,395	2,175	4,331	38,372	7,517	....
June	88,553	12,490	10,403	37,269	27,807	584	51,879	2,564	4,321	36,994	8,000	....
July	87,887	12,070	10,238	36,035	28,984	560	50,318	2,492	4,098	35,803	7,925	....
Aug.	89,261	12,104	10,656	35,362	30,576	562	49,917	2,493	4,239	35,055	8,130	....
Sept.	87,588	13,315	10,391	33,634	29,694	554	48,075	2,452	3,987	33,284	8,352	....
Oct.	87,352	12,027	10,434	35,359	28,897	635	49,602	2,448	3,948	34,983	8,223	....
Nov.[p]	90,866	12,670	10,198	35,692	31,669	637	49,129	2,242	3,655	35,247	7,985	....
Dec.[p]	88,515	13,576	10,472	34,889	28,989	591	48,989	2,644	3,438	34,204	8,703	....

End of period	Total	To banks[10]: Payable in dollars: Total	Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates	Other short-term liab.[4]	To other foreigners: Payable in dollars: Total	Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates	Other short-term liab.[7]	To banks and other foreigners: Payable in foreign currencies
1972	19,284	14,340	4,658	405	5	9,272	4,618	1,955	2,116	65	481	325
1973	23,196	17,224	6,941	529	11	9,743	5,502	2,143	2,359	68	933	469
1974—Dec.[8]	38,619	29,676	8,248	1,942	232	19,254	8,304	2,729	3,796	277	1,502	639
	38,525	29,441	8,244	1,936	232	19,029	8,445	2,729	3,796	277	1,643	639
1975—Jan.	37,379	28,414	7,351	1,982	172	18,909	8,244	2,625	3,760	171	1,688	721
Feb.	35,780	26,564	7,138	2,033	155	17,238	8,483	2,820	3,861	174	1,628	733
Mar.	35,815	26,722	7,067	1,808	101	17,747	8,411	2,740	3,916	200	1,555	682
Apr.	36,982	28,052	6,889	2,102	120	18,941	8,189	2,556	3,969	207	1,457	742
May	37,403	28,245	6,852	1,821	105	19,466	8,493	2,784	4,089	156	1,465	665
June	36,674	27,553	7,067	1,949	99	18,438	8,537	2,859	4,133	176	1,369	584
July	37,569	28,596	6,882	2,033	80	19,601	8,412	2,696	4,107	152	1,458	560
Aug.	39,344	29,803	6,907	1,824	77	20,994	8,980	2,705	4,592	230	1,452	562
Sept.	39,512	29,756	7,982	1,799	78	19,897	9,203	2,881	4,605	272	1,445	554
Oct.	37,750	27,832	6,811	1,777	100	19,143	9,282	2,769	4,708	276	1,530	635
Nov.[p]	41,737	31,574	7,589	1,694	135	22,156	9,527	2,839	4,850	311	1,528	637
Dec.[p]	39,526	28,902	7,683	2,136	335	18,747	10,034	3,249	4,898	349	1,538	591

1 Data exclude IMF holdings of dollars.

2 Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

3 Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

4 Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches, bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

5 U.S. Treasury bills and certificates obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets. Upon termination of investment, the same quantity of gold was reacquired by the IMF.

6 Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks. Includes difference between cost value and face value of securities in IMF gold investment account.

7 Principally bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

8 Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

9 Foreign central banks and foreign central govts. and their agencies, Bank for International Settlements, and European Fund through Dec. 1972.

10 Excludes central banks, which are included in "Official institutions."

NOTE.—"Short term" obligations are those payable on demand or having an original maturity of 1 year or less. For data on long-term liabilities reported by banks, see Table 9. Data exclude International Monetary Fund holdings of dollars; these obligations to the IMF constitute contingent liabilities, since they represent essentially the amount of dollars available for drawings from the IMF by other member countries. Data exclude also U.S. Treasury letters of credit and nonnegotiable, noninterest-bearing special U.S. notes held by the Inter-American Development Bank and the International Development Association.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY

(End of period. Amounts outstanding; in millions of dollars)

Area and country	1974		1975									
	Dec.[1]		Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
Europe:												
Austria	607	607	599	629	627	627	661	667	688	606	635	700
Belgium-Luxembourg	2,506	2,506	2,539	2,810	2,875	3,070	2,982	2,891	2,865	2,918	2,938	2,917
Denmark	369	369	370	340	323	355	325	308	311	327	361	332
Finland	266	266	202	212	181	365	361	406	391	367	380	385
France	4,287	4,287	4,226	4,600	4,982	5,403	5,515	5,493	5,950	6,608	7,172	7,733
Germany	9,420	9,429	11,240	10,229	8,203	6,460	5,440	5,277	4,797	5,047	4,841	4,407
Greece	248	248	192	202	273	254	299	307	361	331	313	284
Italy	2,617	2,617	2,449	2,498	2,157	2,298	1,426	1,056	1,426	1,398	1,071	1,141
Netherlands	3,234	3,234	3,414	3,302	3,351	3,535	3,539	3,301	3,059	3,199	3,301	3,148
Norway	1,040	1,040	843	827	846	945	1,118	1,052	982	886	970	996
Portugal	310	310	288	247	267	264	279	268	207	236	190	194
Spain	382	382	358	361	341	362	392	288	459	414	402	426
Sweden	1,138	1,138	1,209	1,477	1,697	1,847	2,010	2,203	2,195	2,252	2,241	2,272
Switzerland	9,986	10,137	8,938	8,817	8,615	8,445	7,941	8,350	8,104	8,205	8,029	8,555
Turkey	152	152	243	103	87	124	106	134	116	128	120	118
United Kingdom	7,559	7,584	7,039	7,053	6,994	6,417	6,461	8,342	6,261	6,722	7,202	6,884
Yugoslavia	183	183	158	122	126	83	106	104	128	138	175	126
Other Western Europe[2]	4,073	4,073	2,641	2,516	2,511	2,527	2,535	2,266	2,408	2,428	2,370	2,930
U.S.S.R.	82	82	35	34	61	62	29	50	39	42	38	40
Other Eastern Europe	206	206	218	123	148	370	181	160	272	153	128	200
Total	r48,667	48,852	47,200	46,502	44,666	43,817	41,706	42,924	41,020	42,405	42,878	43,788
Canada	3,517	3,520	3,448	3,946	3,951	3,617	3,921	3,637	3,944	3,567	4,091	3,074
Latin America:												
Argentina	886	886	822	886	964	989	1,061	1,054	984	1,135	1,142	1,147
Bahamas	1,448	1,054	1,248	1,946	2,288	1,691	1,991	2,187	1,503	2,221	2,989	1,833
Brazil	1,034	1,034	1,065	1,077	984	1,081	853	921	1,016	1,083	1,083	1,207
Chile	276	276	258	278	260	289	301	280	293	270	266	317
Colombia	305	305	326	313	307	400	376	367	379	366	387	414
Mexico	1,770	1,770	1,668	1,727	1,876	1,819	1,794	1,811	1,862	1,956	2,183	2,077
Panama	488	510	528	695	579	549	657	645	752	765	840	1,104
Peru	272	272	225	217	206	219	228	208	245	247	249	244
Uruguay	147	165	177	183	168	155	190	160	208	168	175	172
Venezuela	3,413	3,413	3,501	3,559	3,866	3,726	3,964	4,242	4,247	3,531	3,188	3,283
Other Latin American republics	1,316	1,316	1,348	1,401	1,353	1,506	1,410	1,364	1,462	1,399	1,361	1,494
Netherlands Antilles and Surinam	158	158	143	113	123	134	104	105	119	113	118	r129
Other Latin America	526	596	507	761	905	998	1,496	1,513	1,904	1,046	2,148	r1,448
Total	12,038	11,754	11,817	13,158	13,881	13,557	14,425	14,858	14,973	14,305	16,131	14,869
Asia:												
China, People's Rep. of (China Mainland)	50	50	62	63	56	65	50	55	94	104	93	123
China, Republic of (Taiwan)	818	818	1,037	1,038	999	1,071	1,015	1,054	1,058	1,061	1,051	1,025
Hong Kong	530	530	528	543	596	598	540	577	741	684	683	623
India	261	261	183	127	168	145	133	214	214	194	181	126
Indonesia	1,221	1,221	497	582	279	365	527	289	234	612	418	369
Israel	386	389	511	493	538	472	369	343	322	364	342	r386
Japan	10,897	10,897	11,390	10,993	11,109	11,223	11,669	11,218	11,128	9,940	10,776	10,142
Korea	384	384	311	345	341	361	366	374	342	400	386	390
Philippines	747	747	745	660	662	697	632	669	604	580	593	698
Thailand	333	333	455	446	342	370	284	255	207	194	193	252
Middle East oil-exporting countries[3]	4,633	4,633	3,673	3,922	4,315	3,850	4,447	4,819	5,101	5,784	5,987	6,285
Other	813	820	978	905	861	906	767	919	970	926	885	910
Total	21,073	21,082	20,371	20,114	20,265	20,122	20,800	20,785	21,015	20,844	21,589	21,330
Africa:												
Egypt	103	103	92	112	113	514	253	295	183	185	255	342
South Africa	130	130	191	159	179	141	132	147	254	177	108	168
Oil-exporting countries[4]	2,814	2,814	3,041	3,070	3,009	2,965	2,785	2,873	2,649	2,447	2,372	2,238
Other	504	504	524	526	594	572	558	553	560	575	643	622
Total	3,551	3,551	3,848	3,867	3,895	4,192	3,727	3,866	3,646	3,385	3,377	3,370
Other countries:												
Australia	2,742	2,742	2,761	2,856	3,069	3,185	3,231	3,114	2,912	2,766	2,712	1,971
All other	89	89	66	60	71	64	77	75	78	80	87	114
Total	2,831	2,831	2,828	2,916	3,140	3,249	3,308	3,189	2,989	2,846	2,800	2,085
Total foreign countries	91,676	91,589	89,511	90,503	89,797	88,553	87,887	89,261	87,588	87,352	90,866	88,515
International and regional:												
International[5]	2,900	2,900	3,222	3,291	3,600	r3,688	3,844	3,950	r4,615	4,303	4,217	5,062
Latin American regional	202	202	229	220	169	155	181	215	186	190	193	187
Other regional[6]	69	69	44	90	84	94	90	88	94	90	61	37
Total	3,171	3,171	3,496	3,601	3,853	r3,937	4,115	4,254	r4,895	4,583	4,471	5,285
Grand total	94,847	94,760	93,006	94,103	93,651	r92,490	92,002	93,515	r92,483	91,935	95,337	93,801

For notes see opposite page.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY—Continued

(End of period. Amounts outstanding; in millions of dollars)

Supplementary data[7]

Area and country	1973 Apr.	1973 Dec.	1974 Apr.	1974 Dec.	1975 Apr.
Other Western Europe:					
Cyprus	9	19	10	7	17
Iceland	12	8	11	21	20
Ireland, Rep. of	22	62	53	29	29
Other Latin American republics:					
Bolivia	65	68	102	96	93
Costa Rica	75	86	88	117	120
Dominican Republic	104	118	137	127	214
Ecuador	109	92	90	122	157
El Salvador	86	90	129	129	144
Guatemala	127	156	245	214	255
Haiti	25	21	28	35	34
Honduras	64	56	71	88	92
Jamaica	32	39	52	69	62
Nicaragua	79	99	119	127	125
Paraguay	26	29	40	46	38
Trinidad and Tobago	17	17	21	107	......
Other Latin America:					
Bermuda	127	242	201	107	100
British West Indies	100	109	354	r449	r627
Other Asia:					
Afghanistan	19	22	11	18	19
Burma	17	12	42	65	......

Area and country	1973 Apr.	1973 Dec.	1974 Apr.	1974 Dec.	1975 Apr.
Other Asia—Cont.:					
Cambodia	3	2	4	4	......
Jordan	4	6	6	22	30
Laos	3	3	3	3	5
Lebanon	55	62	68	r126	180
Malaysia	59	58	40	63	92
Pakistan	93	105	108	91	118
Singapore	53	141	165	r245	215
Sri Lanka (Ceylon)	6	13	13	14	13
Vietnam	98	88	98	126	70
Other Africa:					
Ethiopia (incl. Eritrea)	75	79	118	95	76
Ghana	28	20	22	18	13
Kenya	19	23	20	31	32
Liberia	31	42	29	39	33
Southern Rhodesia	1	2	1	2	3
Sudan	3	3	2	4	14
Tanzania	16	12	12	11	21
Tunisia	11	7	17	19	23
Uganda	19	6	11	13	......
Zambia	37	22	66	22	18
All other:					
New Zealand	34	39	33	47	36

1 Data in the 2 columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding date; figures in the second column are comparable with those shown for the following date.
2 Includes Bank for International Settlements.
3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4 Comprises Algeria, Gabon, Libya, and Nigeria.
5 Data exclude holdings of dollars of the International Monetary Fund.
6 Asian, African, and European regional organizations, except BIS, which is included in "Europe."
7 Represent a partial breakdown of the amounts shown in the other categories (except "Other Eastern Europe").

9. LONG-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES

(Amounts outstanding; in millions of dollars)

End of period	Total	To intl. and regional	To foreign countries: Total	To foreign countries: Official institutions	To foreign countries: Banks[1]	To foreign countries: Other foreigners	Country or area: Germany	Country or area: United Kingdom	Country or area: Total Europe	Country or area: Total Latin America	Country or area: Middle East[2]	Country or area: Other Asia[3]	Country or area: All other countries
1972	1,018	580	439	93	259	87	165	63	260	136	....	33	10
1973	1,462	761	700	310	291	100	159	66	470	132	....	83	16
1974—Dec.	1,285	822	464	124	261	79	146	43	227	115	r94	r8	20
1975—Jan.	1,406	846	560	223	266	71	144	58	218	118	189	11	21
Feb.	1,441	776	666	336	264	66	141	57	211	119	304	9	21
Mar.	1,548	800	748	426	255	67	131	57	202	120	394	9	21
Apr.	1,414	626	788	466	253	68	129	57	205	121	429	10	22
May	1,450	585	865	548	248	69	123	57	201	121	514	5	22
June	1,411	518	893	576	247	70	120	59	197	121	544	6	23
July	1,399	438	960	641	242	77	121	61	201	121	609	7	24
Aug.	1,352	378	974	651	243	81	120	61	202	123	619	6	23
Sept.	1,484	401	1,083	763	241	79	118	61	201	121	731	7	23
Oct.	1,385	311	1,074	748	241	83	118	61	206	126	712	6	24
Nov.p	1,391	297	1,093	749	261	83	115	61	206	147	712	6	24
Dec.p	1,513	415	1,096	781	215	100	90	61	182	140	744	8	24

1 Excludes central banks, which are included with "Official institutions."
2 Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3 Until Dec. 1974 includes Middle East oil-exporting countries.

10. ESTIMATED FOREIGN HOLDINGS OF MARKETABLE U.S. TREASURY BONDS AND NOTES

(End of period; in millions of dollars)

Area and country	1974 Dec.	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.p	Dec.p
Europe:													
Belgium-Luxembourg	10	11	12	14	14	14	14	14	14	14	14	13	13
Germany	9	9	9	208	209	209	209	209	210	217	216	216	215
Sweden	251	252	252	252	252	251	252	252	278	275	275	275	276
Switzerland	30	31	30	29	32	34	37	37	41	44	54	58	55
United Kingdom	493	529	578	599	611	564	522	536	520	501	441	414	363
Other Western Europe	r88	r80	r74	r79	r95	r97	97	98	102	114	152	152	117
Eastern Europe	5	5	5	5	5	5	5	5	5	5	5	4	4
Total	885	916	959	1,186	1,217	1,174	1,135	1,151	1,169	1,170	1,157	1,134	1,044
Canada	713	697	584	588	460	412	412	408	406	404	399	400	393
Latin America:													
Latin American republics	12	11	11	11	11	11	13	13	13	13	13	33	33
Netherlands Antilles and Surinam	83	82	142	130	125	118	134	178	149	149	158	160	161
Other Latin America	5	6	6	5	4	4	5	5	5	5	6	6	6
Total	100	99	159	147	140	133	152	196	167	168	177	199	200
Asia:													
Japan	3,498	3,498	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,502	3,520	3,269	3,271
Other Asia	212	325	541	1,071	1,121	1,291	1,397	1,418	1,498	1,648	1,798	1,849	2,000
Total	3,709	3,822	4,037	4,567	4,617	4,787	4,893	4,914	4,994	5,149	5,319	5,118	5,271
Africa	151	151	151	151	161	181	181	201	211	261	311	311	321
All other	......	......	......	......	......	......	......	......	......	......	......	......	......
Total foreign countries	5,557	5,685	5,889	6,639	6,596	6,687	6,773	6,870	6,945	7,153	7,362	7,161	7,229
International and regional:													
International	97	215	226	627	419	342	29	128	66	52	324	94	357
Latin American regional	53	53	51	71	69	57	44	40	35	35	35	29	29
Total	150	268	277	699	488	399	74	169	101	87	359	124	386
Grand total	5,708	5,953	6,167	7,337	7,084	7,087	6,847	7,039	7,048	7,240	7,721	7,285	7,615

NOTE.—Data represent estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year, and are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports (see Table 14).

11. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars								Payable in foreign currencies			
		Total	Loans to -				Collections outstanding	Acceptances made for acct. of foreigners	Other	Total	Deposits with foreigners	Foreign govt. securities, coml. and finance paper	Other
			Total	Official institutions	Banks[1]	Others[2]							
1971	13,272	12,377	3,969	231	2,080	1,658	2,475	4,254	1,679	895	548	173	174
1972[3]	15,471	14,625	5,674	163	2,975	2,535	3,269	3,204	2,478	846	441	223	182
	15,676	14,830	5,671	163	2,970	2,538	3,276	3,226	2,657	846	441	223	182
1973	20,723	20,061	7,660	284	4,538	2,838	4,307	4,160	3,935	662	428	119	115
1974—Dec.	39,030	37,835	11,301	381	7,342	3,579	5,637	11,237	9,659	1,195	668	289	238
1975—Jan.	39,074	37,800	10,207	361	6,289	3,557	5,565	11,062	10,966	1,274	719	351	204
Feb.	39,863	38,689	10,288	379	6,384	3,525	5,346	11,127	11,927	1,175	609	336	229
Mar.	42,274	41,127	9,606	310	5,659	3,637	5,418	11,341	14,762	1,147	626	290	231
Apr.	42,748	41,646	10,637	362	6,494	3,780	5,342	11,441	14,226	1,102	619	241	242
May	45,831	44,775	11,839	366	7,622	3,852	5,537	10,959	16,440	1,056	478	301	277
June	45,705	44,492	11,344	494	6,793	4,057	5,345	10,639	17,165	1,212	591	335	286
July	45,537	44,362	11,700	572	6,835	4,292	5,383	10,204	17,076	1,175	608	296	271
Aug.	45,439	44,291	13,082	626	7,960	4,497	5,314	9,977	15,917	1,148	610	240	298
Sept.	45,564	44,433	12,706	572	7,520	4,614	5,314	10,071	16,342	1,130	576	236	319
Oct.	47,697	46,380	12,632	622	7,483	4,517	5,465	10,134	18,160	1,306	734	231	341
Nov.p	48,051	46,770	13,056	670	7,913	4,473	5,361	10,610	17,743	1,261	625	340	316
Dec.p	49,684	48,397	13,387	592	7,790	5,005	5,467	11,124	18,420	1,287	611	301	376

[1] Excludes central banks which are included with "Official institutions."
[2] Includes international and regional organizations.
[3] Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

12. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY

(End of period. Amounts outstanding; in millions of dollars)

Area and country	1974	1975									
	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.ᵖ	Dec.ᵖ
Europe:											
Austria	21	22	16	19	17	16	28	20	19	32	15
Belgium-Luxembourg	384	550	674	647	600	620	598	536	554	457	351
Denmark	46	41	53	49	64	62	60	46	50	54	49
Finland	122	137	147	137	133	143	143	130	127	133	128
France	673	896	859	726	584	666	741	906	1,329	1,190	1,403
Germany	589	387	399	389	428	482	448	443	495	659	427
Greece	64	46	54	37	37	46	50	54	56	91	49
Italy	345	287	334	329	339	363	336	363	437	413	370
Netherlands	348	187	157	221	218	288	338	313	264	285	300
Norway	119	104	114	126	98	91	106	102	102	92	71
Portugal	20	32	26	25	25	27	22	18	15	19	16
Spain	196	150	234	251	235	257	214	245	256	261	249
Sweden	180	72	101	132	115	155	185	182	152	182	167
Switzerland	335	230	227	277	252	254	290	214	274	314	232
Turkey	15	19	37	30	40	26	43	56	54	121	86
United Kingdom	2,570	2,984	3,261	3,712	3,476	3,458	4,067	3,724	3,792	3,882	4,574
Yugoslavia	22	16	28	39	31	36	40	37	34	55	38
Other Western Europe	22	24	31	25	22	22	62	23	22	24	27
U.S.S.R	46	34	51	83	77	80	79	106	144	165	103
Other Eastern Europe	131	110	113	117	118	130	110	110	96	103	114
Total	6,245	6,327	6,918	7,373	6,910	7,222	7,960	7,630	8,275	8,534	8,769
Canada	2,776	2,919	2,896	3,081	2,837	2,651	2,340	2,626	2,728	2,739	2,808
Latin America:											
Argentina	720	869	958	1,007	1,111	1,105	1,115	1,219	1,344	1,229	1,203
Bahamas	3,398	5,926	5,714	7,723	8,658	7,813	6,627	6,432	7,250	6,856	7,331
Brazil	1,415	1,266	1,299	1,272	1,184	1,390	1,505	1,491	1,536	1,782	2,227
Chile	290	395	433	422	429	472	435	405	351	381	360
Colombia	713	695	710	702	687	666	667	684	662	649	689
Mexico	1,972	2,120	2,245	2,383	2,548	2,676	2,762	2,705	2,623	2,549	2,773
Panama	503	546	524	671	527	581	578	721	903	866	1,032
Peru	518	555	606	590	623	626	646	624	599	565	588
Uruguay	63	104	116	100	85	90	73	54	52	56	51
Venezuela	704	736	757	745	791	902	956	1,109	1,050	980	1,086
Other Latin American republics	852	902	954	960	953	1,043	992	998	1,028	956	972
Netherlands Antilles and Surinam	62	39	36	44	83	62	54	57	72	59	62
Other Latin America	1,156	1,603	1,744	2,240	1,843	1,692	2,104	1,700	2,202	2,520	1,868
Total	12,366	15,758	16,096	18,859	19,521	19,118	18,516	18,199	19,673	19,448	20,243
Asia:											
China, People's Rep. of (China Mainland)	4	19	11	12	9	13	13	11	11	11	22
China, Republic of (Taiwan)	500	500	448	434	483	463	503	600	601	681	735
Hong Kong	223	291	210	288	315	201	190	231	257	258	258
India	14	17	21	17	20	23	38	21	17	16	21
Indonesia	157	145	134	119	115	113	88	91	86	92	103
Israel	255	322	299	287	312	362	358	398	389	387	491
Japan	12,514	11,605	10,887	10,603	10,245	10,308	10,292	10,400	10,253	10,429	10,760
Korea	955	1,356	1,503	1,415	1,523	1,462	1,502	1,515	1,555	1,505	1,556
Philippines	372	353	398	455	478	481	410	340	338	347	377
Thailand	458	406	413	374	441	461	494	474	501	499	493
Middle East oil-exporting countries[1]	330	369	563	411	418	527	493	624	446	506	524
Other	441	477	444	554	489	541	572	651	702	660	685
Total	16,222	15,860	15,330	14,969	14,848	14,955	14,954	15,357	15,156	15,391	16,023
Africa:											
Egypt	111	122	142	138	149	134	141	125	127	130	104
South Africa	329	413	458	475	498	489	492	504	513	540	545
Oil-exporting countries[2]	115	108	95	128	120	144	134	190	207	215	231
Other	300	232	278	276	302	296	347	343	379	409	351
Total	855	875	973	1,018	10,68	1,064	11,14	1,162	1,227	1,294	1,231
Other countries:											
Australia	466	436	428	440	428	446	466	509	532	554	535
All other	99	99	107	89	81	80	88	80	105	91	73
Total	565	535	535	528	509	526	554	589	638	645	608
Total foreign countries	39,030	42,274	42,747	45,829	45,694	45,536	45,436	45,562	47,696	48,050	49,683
International and regional	....	1	1	2	11	1	3	1	....	1	1
Grand total	39,030	42,274	42,748	45,831	45,705	45,537	45,439	45,564	47,697	48,051	49,684

[1] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Comprises Algeria, Gabon, Libya, and Nigeria.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

13. LONG-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES

(Amounts outstanding; in millions of dollars)

End of period	Total	Type						Country or area						
		Payable in dollars					Payable in foreign currencies	Total Europe	Canada	Total Latin America	Japan	Middle East[3]	Other Asia[4]	All other countries[2]
		Loans to—				Other long-term claims								
		Total	Official institutions	Banks[1]	Other foreigners[2]									
1972	5,063	4,588	844	430	3,314	435	40	853	406	2,020	353	....	918	514
1973	5,996	5,446	1,160	591	3,694	478	72	1,272	490	2,116	251	....	1,331	536
1974—Dec.	7,171	6,482	1,333	931	4,219	609	80	1,907	501	2,602	258	384	977	542
1975—Jan.	7,284	6,631	1,370	972	4,289	583	69	1,992	490	2,603	248	373	1,019	560
Feb.	7,480	6,799	1,378	1,035	4,386	611	69	2,096	500	2,675	248	388	972	601
Mar.	7,569	6,900	1,399	1,063	4,438	598	70	2,126	500	2,695	247	385	1,024	592
Apr.	7,598	6,915	1,239	1,110	4,566	605	78	2,188	505	2,786	242	247	1,002	630
May	7,885	7,194	1,282	1,192	4,720	610	81	2,325	491	2,851	254	242	1,042	679
June	7,930	7,118	1,269	1,204	4,645	719	92	2,285	461	2,841	264	241	1,135	684
July	8,221	7,339	1,286	1,290	4,763	792	90	2,344	471	2,985	270	241	1,204	707
Aug.	8,257	7,386	1,276	1,336	4,774	787	85	2,387	438	3,003	259	237	1,204	728
Sept.	8,539	7,637	1,345	1,364	4,929	809	93	2,426	508	3,132	265	237	1,195	775
Oct.^{p}	8,860	7,907	1,266	1,516	5,125	840	114	2,534	595	3,168	292	222	1,214	835
Nov.^{p}	9,071	8,050	1,279	1,564	5,206	903	118	2,529	569	3,281	293	249	1,219	931
Dec.^{p}	9,405	8,367	1,360	1,709	5,298	921	116	2,663	542	3,456	312	220	1,245	967

1 Excludes central banks, which are included with "Official institutions."
2 Includes international and regional organizations.
3 Comprises Middle East oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4 Until Dec. 1974 includes Middle East oil-exporting countries.

14. PURCHASES AND SALES BY FOREIGNERS OF LONG-TERM SECURITIES, BY TYPE

(In millions of dollars)

Period	Marketable U.S. Treas. bonds and notes[1]					U.S. corporate securities[2, 3]			Foreign bonds[3]			Foreign stocks[3]		
	Net purchases or sales (−)					Purchases	Sales	Net purchases or sales (−)	Purchases	Sales	Net purchases sales (−)	Pur-Sales	Sales	Net purchases or sales ( )
	Total	Intl. and regional	Foreign											
			Total[4]	Official	Other									
1973	305	-165	470	465	6	18,574	13,810	4,764	1,474	2,467	-993	1,729	1,554	176
1974	-472	101	-573	-642	69	16,183	14,677	1,506	1,045	3,284	-2,240	1,907	1,721	185
1975—Jan.-Dec.^{p}	1,908	236	1,672	1,441	230	20,309	15,202	5,107	2,388	8,717	-6,329	1,538	1,719	-182
1974—Dec.	156	-15	171	153	17	1,101	1,246	-145	101	524	-423	117	87	30
1975—Jan.	245	118	127	118	9	1,246	913	333	131	1,207	-1,076	147	156	-9
Feb.	214	9	205	102	102	1,699	1,445	254	118	554	-436	134	173	-39
Mar.	1,171	421	749	724	25	1,760	1,155	604	197	647	-450	148	159	-11
Apr.	-254	-210	-43	-62	20	1,640	1,397	243	167	341	-174	155	141	14
May	3	-89	92	123	-31	1,846	1,679	167	172	345	-173	145	157	-12
June	-240	-326	86	56	31	1,754	1,332	422	215	855	-640	129	143	-15
July	192	95	96	41	56	2,251	1,278	973	315	1,011	-696	109	119	-10
Aug.	9	-67	77	117	-40	1,421	1,338	82	158	353	-195	89	256	167
Sept.	192	-14	206	175	31	1,257	1,124	133	194	287	-93	91	79	11
Oct.	481	272	209	173	37	2,023	1,362	662	195	678	-484	137	161	-24
Nov.^{p}	-435	-235	-201	171	-30	1,605	1,231	374	248	991	-743	107	78	29
Dec.	330	262	68	47	21	1,808	947	860	282	1,449	-1,167	148	97	51

1 Excludes nonmarketable U.S. Treasury bonds and notes issued to official institutions of foreign countries.
2 Includes State and local govt. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.
3 Includes transactions of international and regional organizations.
4 Includes transactions (in millions of dollars) of oil-exporting countries in Middle East and Africa as shown in the tabulation in the opposite column:

1975	Middle East	Africa
Jan.-Dec.^{p}	*1,698*	*170*
Jan.	100	......
Feb.	209	......
Mar.	525	......
Apr.	50	10
May	175	20
June	106	......
July	1	20
Aug.	80	10
Sept.	150	50
Oct.	150	50
Nov.^{p}	51	......
Dec.^{p}	101	10

15. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE STOCKS, BY COUNTRY

(In millions of dollars)

Period	Pur-chases	Sales	Net pur-chases or sales (−)	France	Ger-many	Nether-lands	Switzer-land	United King-dom	Total Europe	Canada	Total Latin America	Middle East[1]	Other Asia[2]	Other[3]
1973	12,767	9,978	2,790	439	2	339	686	366	2,104	99	4	....	577	5
1974	7,634	7,095	540	203	39	330	36	−377	281	−6	−33	....	288	10
1975 Jan.–Dec.ᵖ	15,036	10,600	4,435	262	250	359	897	569	2,464	356	−7	1,440	140	39
1974 Dec.	450	429	21	13	13	20	−10	76	−30	14	10	....	27	*
1975 Jan.	748	554	193	36	17	8	42	8	111	12	−15	86	3	2
Feb.	1,420	891	529	21	25	14	115	147	331	20	13	153	−4	15
Mar.	1,152	913	240	12	15	40	39	38	150	15	5	85	−6	*
Apr.	1,318	1,058	259	15	23	26	44	54	136	−5	2	119	2	5
May	1,527	1,149	378	−6	4	27	100	59	193	36	1	113	36	−2
June	1,321	1,063	258	32	1	19	71	36	152	21	8	87	9	−19
July	1,669	1,080	589	55	31	80	139	75	396	20	13	153	2	6
Aug.	1,153	712	441	52	52	47	83	38	302	21	−6	82	26	16
Sept.	882	642	240	10	7	22	64	7	123	20	15	72	32	8
Oct.	1,407	1,042	365	16	−7	17	36	48	142	59	7	130	21	6
Nov.ᵖ	1,114	809	304	22	40	−5	42	44	132	36	−1	122	12	4
Dec.ᵖ	1,325	686	639	28	40	64	123	32	297	102	−9	238	13	−2

[1] Comprises Middle East oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Until 1975 includes Middle East oil-exporting countries.

[3] Includes international and regional organizations.

16. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE BONDS, BY COUNTRY

(In millions of dollars)

Period	Total	France	Ger-many	Nether-lands	Switzer-land	United Kingdom	Total Europe	Canada	Total Latin America	Middle East[1]	Other Asia[2]	Total Africa	Other countries	Intl. and regional
1973	1,948	201	33	−19	307	275	1,204	49	44	....	588	*	10	52
1974	993	96	27	183	96	329	672	50	43	....	632	8	10	−456
1975 Jan.–Dec.ᵖ	672	82	9	16	117	80	117	127	30	1,426	−42	5	*	−993
1974—Dec.	166	1	*	4	1	64	66	−4	17	....	93	*	*	−337
1975—Jan.	140	2	3	*	6	59	94	14	−1	151	1	*	*	−120
Feb.	−275	−4	3	*	3	91	−87	16	*	35	1	*	1	−241
Mar.	365	1	1	1	10	23	32	4	4	341	−19	*	*	10
Apr.	−16	1	2	−26	35	−99	−100	5	3	80	1	*	*	−6
May	−212	3	1	−1	7	81	−72	7	1	81	−11	*	*	−218
June	164	9	*	8	5	32	58	4	*	65	−1	*	*	38
July	384	27	16	6	35	80	183	33	1	179	4	*	*	−17
Aug.	−358	13	−3	−18	−6	69	73	6	1	−1	1	*	*	−292
Sept.	−107	13	6	25	−7	121	−19	−5	5	82	−7	*	*	−162
Oct.	296	1	−50	2	12	89	51	38	11	209	−4	3	*	−11
Nov.ᵖ	69	39	8	17	9	41	−25	−2	6	75	4	1	*	11
Dec.ᵖ	221	2	3	3	8	56	74	6	6	130	12	1	*	16

[1] See note 1 to Table 15.

[2] See note 2 to Table 15.

NOTE.—Statistics include State and local govt. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

17. NET PURCHASES OR SALES BY FOREIGNERS OF LONG-TERM FOREIGN SECURITIES, BY AREA

(In millions of dollars)

Period	Total	Intl. and re-gional	Total foreign coun-tries	Eu-rope	Canada	Latin Amer-ica	Asia	Af-rica	Other coun-tries
1973	−818	139	−957	−141	−569	−120	−168	3	37
1974	−2,054	−60	1,995	−546	−1,529	−93	144	7	22
1975—Jan.–Dec.ᵖ	−6,459	−2,192	−4,267	−47	−3,155	−306	−619	15	−154
1974—Dec.	−393	−95	−298	−27	−190	−25	−67	12	*
1975—Jan.	−1,085	−572	−514	−41	−405	−28	−60	20	*
Feb.	−475	−147	−328	19	−159	−97	−94	2	*
Mar.	−462	−106	−356	−66	−175	−3	−112	−2	1
Apr.	−160	−57	−103	−57	−6	17	−59	*	2
May	−185	31	−216	39	−168	*	−88	−2	2
June	−655	*	−655	−22	−478	*	−30	2	−127
July	−706	−475	−231	−26	−116	−25	−69	*	4
Aug.	−362	−21	341	24	−204	−164	1	1	2
Sept.	−82	18	−100	−19	−131	25	24	−1	1
Oct.ᵖ	−508	5	−513	48	−460	−48	−56	−3	6
Nov.ᵖ	714	62	−652	−27	584	6	3	−2	−48
Dec.ᵖ	1,116	−839	−277	80	−287	9	−78	−1	1

18. FOREIGN CREDIT AND DEBIT BALANCES IN BROKERAGE ACCOUNTS

(Amounts outstanding; in millions of dollars)

End of period	Credit balances (due to foreigners)	Debit balances (due from foreigners)
1973—Mar.	310	364
June	316	243
Sept.	290	255
Dec.	333	231
1974—Mar.	383	225
June	354	241
Sept.	298	178
Dec.	293	194
1975—Mar.	349	209
Juneᵖ	380	233
Sept.ᵖ	258	343

NOTE.—Data represent the money credit balances and money debit balances appearing on the books of reporting brokers and dealers in the United States, in accounts of foreigners with them, and in their accounts carried by foreigners.

19a. ASSETS OF FOREIGN BRANCHES OF U.S. BANKS

(In millions of dollars)

Location and currency form	Month-end	Total	Claims on U.S. — Total	Claims on U.S. — Parent bank	Claims on U.S. — Other	Claims on foreigners — Total	Claims on foreigners — Other branches of parent bank	Claims on foreigners — Other banks	Claims on foreigners — Official institutions	Claims on foreigners — Nonbank foreigners	Other
IN ALL FOREIGN COUNTRIES											
Total, all currencies	1972—Dec.	78,202	4,678	2,113	2,565	71,304	11,504	35,773	1.594	22,432	2,220
	1973—Dec.	121,866	5,091	1,886	3,205	111,974	19,177	56,368	2.693	33,736	4,802
	1974—Nov.	150,274	7,751	5,159	2,592	136,442	28,366	58,727	4,019	45,330	6,081
	Dec.	151,905	6,898	4,464	2,434	138,713	27,559	60,283	4.077	46,795	6,294
	1975—Jan.	151,140	7,029	4,360	2,669	138,143	27,894	58,863	4.152	47,234	5,968
	Feb.	151,662	5,486	2,882	2,604	140,345	28,969	58,794	4.246	48,335	5,832
	Mar.	155,204	5,326	2,638	2,688	143,750	28,330	61,611	4,407	49,402	6,127
	Apr.	155,616	5,831	3,052	2,779	143,949	29,195	60,292	4.353	50,109	5,836
	May	156,909	7,726	4,889	2,837	143,101	27,581	60.330	4.494	50,697	6,083
	June	162,342	5,538	2,342	3,196	150,516	30,870	63,710	4,836	51,101	6,287
	July	160,703	5,918	2,788	3,129	148,225	30,153	62,438	4,796	50,839	6,561
	Aug.	165,835	9,100	6,048	3,052	150,197	31,283	62,455	4,892	51,567	6,537
	Sept.	166,075	6,572	3,267	3,305	153,171	31,506	65,011	4.861	51,793	6,332
	Oct.	169,424	7,917	4,891	3,026	155,014	32,674	64,186	5.226	52,928	6,493
	Nov.p	172,502	8,690	5.764	2,926	157,034	34,325	64,392	5.502	52,815	6,777
Payable in U.S. dollars	1972—Dec.	52,636	4,419	2,091	2,327	47,444	7,869	26,251	1.059	12,264	773
	1973—Dec.	79,445	4,599	1,848	2,751	73,018	12,799	39,527	1,777	18,915	1,828
	1974—Nov.	105,066	7,445	5,105	2,340	94,581	20,623	43,741	3,192	27,026	3,039
	Dec.	105,969	6,602	4,428	2,174	96,210	19,688	45,067	3,289	28,166	3,157
	1975—Jan.	105,776	6,706	4,318	2,387	95,989	20,448	43,151	3,370	29,020	3.082
	Feb.	104,360	5,141	2,839	2,302	96,327	20,827	42,672	3,431	29,397	2,891
	Mar.	107,519	5,012	2,607	2,405	99,637	19,836	46,118	3,604	30,079	2,870
	Apr.	108,399	5,466	3,009	2,456	100,231	20,993	45,172	3,599	30,467	2,702
	May	111,638	7,316	4,825	2,491	101,384	21,281	45,403	3,685	31,016	2,938
	June	117,296	5,112	2,280	2,832	109,181	24,529	49,132	3,949	31,571	3,003
	July	117,268	5,511	2,737	2,774	108,281	24,180	48,572	3,929	31,600	3,476
	Aug.	121,478	8,776	5,995	2,782	109,425	25,071	48,063	4,148	32,143	3,277
	Sept.	123,119	6,236	3,210	3,025	113,926	25,444	51,470	4,040	32,971	2,957
	Oct.	125,840	7,500	4,817	2,682	115,163	26.554	50,006	4,363	34,240	3,177
	Nov.p	129,205	8,336	5,712	2,624	117.589	27,899	51,006	4,644	34,041	3,280
IN UNITED KINGDOM											
Total, all currencies	1972—Dec.	43,467	2,234	1,138	1,096	40,214	5,659	23,842	606	10,106	1,018
	1973—Dec.	61,732	1,789	738	1,051	57,761	8,773	34,442	735	13,811	2,183
	1974—Nov.	69,137	3,387	2.568	818	63,571	13,122	32,128	753	17,567	2,179
	Dec.	69,804	3,248	2,472	776	64,111	12,724	32,701	788	17,898	2,445
	1975—Jan.	68,451	2,633	1,902	731	63,527	12,873	32,057	854	17,743	2,291
	Feb.	67,038	1,818	1,023	796	63,250	13,246	31,641	848	17,515	1,970
	Mar.	69,654	1,798	982	817	65,693	12,806	34,260	929	17,699	2,163
	Apr.	69,248	2,017	1,126	891	65,330	13,314	33,079	919	18,018	1,902
	May	68,707	2,535	1,689	845	64,269	12,491	32,443	920	18,415	1,904
	June	70,751	1,834	641	1,192	66,868	13,765	34,634	948	17,522	2,049
	July	70,382	1,904	807	1,097	66,277	14,414	33,431	923	17,509	2,202
	Aug.	72,455	3,795	2,698	1,097	66.428	15,213	32,998	948	17.268	2,232
	Sept.	72,120	2,042	1,076	967	67,923	15,249	34,759	825	17,091	2,155
	Oct.	72,742	2,681	1,699	982	67,631	16,555	32,806	830	17,440	2,430
	Nov.p	73,924	3,112	2,137	975	68,494	17,549	33,189	852	16,904	2,319
Payable in U.S. dollars	1972—Dec.	30,257	2,146	1,131	1,015	27,664	4,326	17,331	543	5,464	446
	1973—Dec.	40,323	1,642	730	912	37,816	6,509	23,389	510	7,409	865
	1974—Nov.	48,710	3,277	2,546	730	44,198	10,796	22,936	615	9,852	1,235
	Dec.	49,211	3,146	2,468	678	44,693	10,265	23,716	610	10,102	1,372
	1975—Jan.	47,769	2,542	1,892	650	43,959	10,421	22,610	661	10,268	1,267
	Feb.	46,019	1,697	1,017	680	43,244	10,615	21,918	657	10,055	1,077
	Mar.	48,939	1,687	974	713	46,039	10,373	24,874	736	10,057	1,212
	Apr.	48,797	1,885	1,109	776	45,923	10,995	23,990	721	10,217	989
	May	48,506	2,404	1,671	733	45,180	10,656	23,320	698	10,506	922
	June	51,365	1,669	623	1,045	48,713	12,054	25,761	721	10,178	983
	July	51,665	1,742	793	949	48,787	12,664	25,143	713	10,267	1,136
	Aug.	53,456	3,661	2,681	980	48,763	13,315	24.540	740	10,168	1,032
	Sept.	54,256	1,910	1,054	856	51,369	13,488	27,008	596	10,277	977
	Oct.	54,192	2,552	1,687	865	50,494	14,654	24,691	592	10,557	1,146
	Nov.p	56,221	2,988	2,123	865	52,145	15,555	25.600	638	10,353	1,087
IN BAHAMAS AND CAYMANS[1]											
Total, all currencies	1972—Dec.	12,642	1,486	214	1,272	10,986	725	5,507	431	4,322	170
	1973—Dec.	23,771	2,210	317	1,893	21,041	1,928	9,895	1,151	8,068	520
	1974—Nov.	32,313	3,299	1,816	1,484	28,130	3,829	11,371	1,993	10,937	883
	Dec.	31,733	2,463	1,081	1,382	28,455	3,478	11,354	2,022	11,601	815
	1975—Jan.	33,131	3,223	1,594	1,629	29,070	3,644	11,194	2.027	12,206	838
	Feb.	33,534	2,563	1,072	1,491	30,137	3,855	11,474	2,060	12,748	834
	Mar.	33,793	2,405	839	1,567	30,671	3,568	11,634	2,393	13,077	716
	Apr.	35,666	r2,586	1.006	1,581	32,359	4,320	12,229	2,419	13,392	720
	May	38,198	4,125	2,468	1,657	33,215	4,270	13,181	2,531	13,233	858
	June	39,646	2,633	987	1,645	36,182	5,831	13,747	2,772	13,832	831
	July	39,614	2,786	1,134	1,652	35,678	5,015	14,065	2,747	13,851	1,150
	Aug.	41,624	4,115	2,580	1,535	36,556	5,222	14,117	2,891	14,326	953
	Sept.	41,601	3,188	1,289	1,899	37,481	5,220	14,604	3,020	14,637	933
	Oct.	44.166	3,988	2,295	1,692	39,226	5,604	15,414	3,308	14,901	952
	Nov.p	[2]44,606	4,544	2,931	1,613	39,109	5,321	15,211	3,432	15,144	953

For notes see p. A-74.

19b. LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS

(In millions of dollars)

Total	To U.S.			To foreigners					Other	Month-end	Location and currency form
	Total	Parent bank	Other	Total	Other branches of parent bank	Other banks	Official institutions	Nonbank foreigners			
											IN ALL FOREIGN COUNTRIES
78,203	3,501	997	2,504	72,121	11,121	41,218	8,351	11,432	2,580	1972—Dec.	Total, all currencies
121,866	5,610	1,642	3,968	111,615	18,213	65,389	10,330	17,683	4,641	1973—Dec.	
150,275	11,901	6,249	5,652	131,619	27,717	63,596	19,979	20,327	6,755	1974—Nov.	
151,905	11,982	5,809	6,173	132,990	26,941	65,675	20,185	20,189	6,933	Dec.	
151,140	11,831	6,356	5,476	132,775	27,019	64,147	21,683	19,926	6,533	1975—Jan.	
151,662	12,561	6,607	5,954	132,594	28,185	63,402	21,951	19,057	6,507	Feb.	
155,204	15,407	8,849	6,557	133,540	28,214	63,419	22,577	19,330	6,257	Mar.	
155,617	14,935	8,703	6,233	134,594	29,192	62,287	23,236	19,879	6,088	Apr.	
156,910	16,861	10,366	6,494	133,806	26,725	64,700	22,223	20,158	6,243	May	
162,342	18,618	12,204	6,414	137,189	30,412	64,955	21,106	20,715	6,535	June	
160,703	17,704	11,542	6,162	136,808	30,233	65,956	20,371	20,249	6,191	July	
165,837	17,183	10,021	7,162	142,327	30,582	70,161	21,093	20,492	6,326	Aug.	
166,075	18,824	10,848	7,976	141,102	30,314	70,756	19,744	20,289	6,149	Sept. r	
169,424	*19,644*	*11,191*	*8,453*	*143,609*	*31,781*	*70,333*	*20,627*	*20,868*	*6,172*	Oct.	
172,502	20,640	11,104	9,536	145,121	33,185	70,411	21,187	20,337	6,740	Nov. p	
54,878	3,050	847	2,202	50,406	7,955	29,229	6,781	6,441	1,422	1972—Dec.	Payable in U.S. dollars
80,374	5,027	1,477	3,550	73,189	12,554	43,641	7,491	9,502	2,158	1973—Dec.	
107,427	11,215	6,023	5,192	92,233	20,242	43,147	16,789	12,054	3,979	1974—Nov.	
107,890	11,437	5,641	5,795	92,503	19,330	43,656	17,444	12,072	3,951	Dec.	
108,190	11,368	6,204	5,164	93,044	19,999	42,854	18,343	11,848	3,778	1975—Jan.	
106,125	12,063	6,460	5,603	90,426	20,109	40,701	18,708	10,907	3,636	Feb.	
109,501	14,795	8,660	6,135	91,338	19,880	41,216	19,303	10,939	3,368	Mar.	
110,405	14,277	8,517	5,760	92,715	20,683	40,999	19,909	11,123	3,414	Apr.	
114,105	16,256	10,189	6,067	94,452	20,521	43,863	18,928	11,139	3,397	May	
119,385	17,998	12,008	5,990	97,828	23,969	44,202	17,968	11,689	3,560	June	
119,319	17,090	11,335	5,755	99,013	24,112	45,897	17,393	11,611	3,216	July	
123,906	16,538	9,840	6,698	103,987	24,435	49,418	18,080	12,055	3,381	Aug.	
125,442	18,193	10,645	7,548	104,062	24,477	50,682	16,777	12,126	3,187	Sept. r	
127,899	*18,967*	*10,987*	*7,980*	*105,569*	*25,824*	*49,704*	*17,476*	*12,565*	*3,363*	Oct.	
132,070	19,943	10,913	9,030	108,264	27,051	50,291	18,407	12,515	3,863	Nov. p	
											IN UNITED KINGDOM
43,467	1,453	113	1,340	41,020	2,961	24,596	6,433	7,030	994	1972—Dec.	Total, all currencies
61,732	2,431	136	2,295	57,311	3,944	34,979	8,140	10,248	1,990	1973—Dec.	
69,137	4,376	889	3,487	62,397	5,071	30,352	15,454	11,521	2,363	1974—Nov.	
69,804	3,978	510	3,468	63,409	4,762	32,040	15,258	11,349	2,418	Dec.	
68,451	3,804	873	2,931	62,360	4,567	30,266	16,419	11,108	2,287	1975—Jan.	
67,038	4,376	913	3,462	60,546	4,693	29,207	16,517	10,127	2,117	Feb.	
69,654	5,095	1,224	3,871	62,363	4,630	29,990	17,305	10,438	2,196	Mar.	
69,248	4,596	1,342	3,254	62,625	5,394	28,666	17,812	10,753	2,026	Apr.	
68,708	4,772	1,337	3,435	61,772	5,325	28,957	16,726	10,764	2,164	May	
70,751	4,668	1,451	3,217	63,857	7,030	30,030	15,524	11,274	2,226	June	
70,382	4,679	1,718	2,961	63,501	6,475	30,636	15,312	11,077	2,203	July	
72,457	5,251	1,904	3,348	65,012	6,260	32,097	15,617	11,038	2,194	Aug.	
72,120	5,612	1,833	3,779	64,462	6,396	33,130	14,486	10,450	2,046	Sept.	
72,742	5,486	1,766	3,720	65,119	6,746	32,334	14,909	11,130	2,138	Oct.	
73,924	6,270	2,028	4,242	65,493	6,470	33,340	15,180	10,502	2,161	Nov. p	
30,810	1,272	72	1,200	29,002	2,008	17,379	5,329	4,287	535	1972—Dec.	Payable in U.S. dollars
39,689	2,173	113	2,060	36,646	2,519	22,051	5,923	6,152	870	1973—Dec.	
49,668	4,037	865	3,172	44,256	3,557	20,200	12,808	7,691	1,375	1974—Nov.	
49,666	3,744	484	3,261	44,594	3,256	20,526	13,225	7,587	1,328	Dec.	
48,490	3,599	854	2,744	43,578	3,172	19,061	13,736	7,609	1,313	1975—Jan.	
46,698	4,164	895	3,269	41,350	3,266	17,673	13,932	6,479	1,184	Feb.	
49,533	4,805	1,189	3,616	43,546	3,072	19,128	14,688	6,658	1,183	Mar.	
49,177	4,297	1,313	2,984	43,758	3,886	17,997	15,158	6,717	1,122	Apr.	
49,479	4,487	1,314	3,173	43,784	4,220	18,640	14,135	6,789	1,208	May	
51,848	4,369	1,412	2,957	46,312	5,962	20,039	13,083	7,228	1,167	June	
51,826	4,421	1,684	2,737	46,217	5,478	20,775	12,915	7,049	1,188	July	
54,017	4,975	1,873	3,103	47,912	5,288	22,087	13,249	7,287	1,129	Aug.	
54,683	5,389	1,808	3,581	48,314	5,456	23,645	12,182	7,031	980	Sept.	
54,478	5,276	1,735	3,541	48,079	5,708	22,452	12,500	7,419	1,123	Oct.	
56,696	6,062	2,009	4,053	49,411	5,478	23,641	12,999	7,293	1,223	Nov. p	
											IN BAHAMAS AND CAYMANS[1]
12,643	1,220	312	908	11,260	1,818	7,875	230	1,338	163	1972—Dec.	Total, all currencies
23,771	1,573	307	1,266	21,747	5,508	14,071	492	1,676	451	1973—Dec.	
32,313	4,426	2,699	1,727	27,107	8,538	14,132	2,296	2,141	779	1974—Nov.	
31,733	4,815	2,636	2,180	26,140	7,702	14,050	2,377	2,011	778	Dec.	
33,131	5,036	2,926	2,111	27,343	8,269	14,259	2,595	2,220	752	1975—Jan.	
33,534	5,243	3,281	1,962	27,498	8,975	13,550	2,711	2,262	793	Feb.	
33,793	7,228	5,081	2,147	25,875	8,498	12,614	2,520	2,243	690	Mar.	
35,667	7,420	5,083	2,337	27,536	8,756	13,694	2,769	2,318	711	Apr.	
38,198	9,090	6,766	2,324	28,309	6,872	16,018	2,977	2,441	799	May	
39,646	10,866	8,322	2,544	27,987	8,075	14,482	3,036	2,393	793	June	
39,614	9,991	7,407	2,584	28,933	8,401	15,539	2,500	2,492	690	July	
41,624	8,800	5,715	3,085	31,913	9,128	17,317	2,860	2,607	911	Aug.	
41,601	9,928	6,490	3,439	30,861	8,918	16,834	2,570	2,540	812	Sept.	
44,166	10,833	7,056	3,778	32,372	9,725	17,296	2,775	2,577	961	Oct.	
[2] 44,606	11,187	6,710	4,477	32,269	10,554	16,001	3,230	2,484	1,150	Nov. p	

For notes see p. A-74.

20. DEPOSITS, U.S. TREAS. SECURITIES, AND GOLD HELD AT F.R. BANKS FOR FOREIGN OFFICIAL ACCOUNT

(In millions of dollars)

End of period	Deposits	Assets in custody	
		U.S. Treas. securities [1]	Earmarked gold
1972	325	50,934	[2] 15,530
1973	251	52,070	[2] 17,068
1974	418	55,600	16,838
1975—Jan.	391	58,001	16,837
Feb.	409	60,864	16,818
Mar.	402	60,729	16,818
Apr.	270	60,618	16,818
May	310	61,539	16,818
June	373	61,406	16,803
July	369	60,999	16,803
Aug.	342	60,120	16,803
Sept.	324	58,420	16,795
Oct.	297	60,307	16,751
Nov.	346	60,512	16,745
Dec.	352	60,019	16,745
1976—Jan.	294	61,796	16,669

[1] Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

[2] The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972, and in Oct. 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

21. SHORT-TERM LIQUID CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars		Payable in foreign currencies		United Kingdom	Canada
		Deposits	Short-term investments [1]	Deposits	Short-term investments [1]		
1971	1,507	1,078	127	234	68	580	443
1972 [2]	1,965	1,446	169	307	42	702	485
	2,374	1,910	55	340	68	911	536
1973	3,162	2,588	37	427	109	1,118	770
1974—Nov.	2,998	2,380	15	326	277	1,285	941
Dec.	3,311	2,582	56	412	261	1,350	951
1975—Jan.	3,275	2,521	50	359	345	1,145	1,117
Feb.	3,376	2,515	52	403	406	1,088	1,136
Mar.	3,283	2,434	67	395	388	1,064	1,134
Apr.	3,368	2,458	48	314	550	1,065	1,279
May	3,188	2,220	47	393	527	908	1,240
June	3,138	2,241	95	369	433	974	1,128
July	3,221	2,278	118	420	405	904	1,109
Aug.	3,438	2,334	129	453	522	1,017	1,309
Sept.	3,602	2,522	125	456	499	1,104	1,252
Oct.p	3,411	2,581	179	410	241	1,178	1,127
Nov.p	3,543	2,571	266	442	264	1,098	1,291

[1] Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

[2] Data on the 2 lines for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

NOTE.—Data represent the liquid assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 22.

22. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS, BY TYPE

(Amount outstanding; in millions of dollars)

End of period	Liabilities			Claims			
	Total	Payable in dollars	Payable in foreign currencies	Total	Payable in dollars	Payable in foreign currencies	
						Deposits with banks abroad in reporter's name	Other
1972—Mar.	2,844	2,407	437	5,173	4,557	317	300
June	2,925	2,452	472	5,326	4,685	374	268
Sept.	2,933	2,435	498	5,487	4,833	426	228
Dec. [1]	3,119	2,635	484	5,721	5,074	410	237
	3,397	2,928	469	6,304	5,645	393	267
1973—Mar.	3,308	2,836	472	7,019	6,150	456	414
June	3,283	2,760	523	7,292	6,451	493	349
Sept.	3,567	2,919	648	7,627	6,701	528	399
Dec.	3,964	3,257	707	8,463	7,553	485	425
1974—Mar.	4,373	3,564	809	10,458	9,525	400	533
June	5,101	4,158	943	11,022	10,104	420	498
Sept.	5,567	4,634	933	10,681	9,720	419	543
Dec.	5,769	4,855	914	11,233	10,190	455	587
1975—Mar.	5,734	4,868	866	10,878	9,744	441	692
June r	5,746	4,922	824	10,827	9,546	466	815
Sept.p	5,804	4,967	837	11,845	10,505	507	832

[1] Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

23. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(End of period. Amounts outstanding; in millions of dollars)

Area and country	Liabilities to foreigners					Claims on foreigners				
	1974		1975			1974		1975		
	Sept.	Dec.	Mar.	June	Sept.p	Sept.	Dec.	Mar.	June	Sept.p
Europe:										
Austria	18	20	26	22	18	15	26	15	13	15
Belgium-Luxembourg	501	516	474	338	332	114	128	137	132	131
Denmark	22	24	23	14	8	25	42	35	22	24
Finland	12	16	16	12	14	91	120	77	87	114
France	157	202	151	138	149	461	430	328	287	311
Germany	240	313	350	291	275	326	339	276	346	319
Greece	28	39	25	27	21	69	65	59	69	56
Italy	129	125	109	110	156	413	397	309	300	380
Netherlands	120	117	121	141	153	144	148	157	135	139
Norway	10	9	9	8	13	32	36	35	41	48
Portugal	20	19	13	13	13	69	81	42	32	39
Spain	46	56	54	59	74	414	369	359	324	315
Sweden	40	38	32	30	47	97	89	66	74	100
Switzerland	106	140	157	168	167	154	136	86	113	220
Turkey	20	8	12	14	22	24	26	33	28	31
United Kingdom	1,408	1,222	1,110	1,006	895	1,763	1,853	1,642	1,542	1,769
Yugoslavia	17	40	52	45	60	23	22	33	32	24
Other Western Europe	7	5	5	4	5	20	21	23	16	19
Eastern Europe	80	70	54	49	38	90	142	114	153	170
Total	2,981	2,979	2,794	2,487	2,461	4,344	4,469	3,825	3,748	4,225
Canada	296	298	258	274	286	1,571	1,610	1,860	1,950	2,104
Latin America:										
Argentina	28	36	31	30	28	59	69	76	65	53
Bahamas	325	281	299	267	190	518	594	615	631	685
Brazil	160	118	121	127	116	419	461	376	347	384
Chile	14	22	23	15	13	124	106	69	57	41
Colombia	13	14	11	11	14	49	51	51	47	46
Cuba	*	*	*	*	*	1	1	1	*	1
Mexico	64	63	72	74	84	287	297	325	305	299
Panama	21	28	18	27	19	114	132	110	128	103
Peru	15	14	18	16	19	40	44	46	50	48
Uruguay	2	2	3	3	2	6	5	15	5	5
Venezuela	53	49	39	44	54	190	190	180	166	151
Other L.A. republics	63	83	65	67	75	182	193	195	179	163
Neth. Antilles and Surinam	8	24	48	54	72	14	20	16	13	13
Other Latin America	50	81	114	125	115	169	147	196	159	192
Total	818	816	862	859	801	2,169	2,308	2,271	2,152	2,183
Asia:										
China, People's Republic of (China Mainland)	23	17	8	6	2	8	17	19	32	45
China, Rep. of (Taiwan)	72	93	102	100	101	127	137	121	125	355
Hong Kong	18	19	19	30	29	64	63	83	85	84
India	10	7	10	21	21	37	37	32	39	48
Indonesia	38	60	63	87	105	81	85	110	142	129
Israel	40	50	62	62	45	53	44	46	60	63
Japan	352	348	327	273	278	1,158	1,218	1,307	1,226	1,234
Korea	66	75	47	43	63	123	201	165	178	207
Philippines	28	25	19	17	14	108	93	82	91	91
Thailand	10	10	9	6	8	23	24	30	25	21
Other Asia	431	536	645	845	908	311	387	398	470	535
Total	1,087	1,239	1,312	1,491	1,575	2,093	2,307	2,392	2,472	2,814
Africa:										
Egypt	6	3	5	34	34	16	15	24	15	16
South Africa	35	43	54	65	79	90	101	104	104	79
Zaire	17	18	17	9	9	13	24	18	17	22
Other Africa	114	129	142	215	220	205	234	242	227	273
Total	172	193	217	323	341	325	374	387	364	391
Other countries:										
Australia	57	56	60	37	52	134	116	97	101	80
All other	32	30	31	18	21	44	49	45	39	50
Total	89	86	91	55	73	178	165	141	139	128
International and regional	125	158	201	257	267	1	*	1	1	....
Grand total	5,567	5,769	5,734	5,746	5,804	10,681	11,233	10,878	10,827	11,845

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks, and intercompany accounts between U.S. companies and their foreign affiliates.

24. LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total liabilities	Claims										
		Total	Country or area									
			United Kingdom	Other Europe	Canada	Brazil	Mexico	Other Latin America	Japan	Other Asia	Africa	All other
1971—Sept.	2,939	3,019	135	672	765	178	60	597	133	319	85	75
Dec.[1]	3,159	3,118	128	705	761	174	60	652	141	327	86	85
	3,138	3,068	128	704	717	174	60	653	136	325	86	84
1972—June	3,300	3,206	108	712	748	188	61	671	161	377	86	93
Sept.	3,448	3,187	128	695	757	177	63	662	132	390	89	96
Dec.[1]	3,540	3,312	163	715	775	184	60	658	156	406	87	109
	3,600	3,284	191	745	759	187	64	703	133	378	86	38
1973—Mar.	3,777	3,421	156	802	775	165	63	796	123	393	105	45
June	3,779	3,472	180	805	782	146	65	825	124	390	108	48
Sept.	3,993	3,632	216	822	800	147	73	832	134	449	108	51
Dec.	3,878	3,693	290	761	854	145	79	824	122	450	115	53
1974—Mar.	3,827	3,814	369	737	888	194	81	800	118	448	119	61
June	3,524	3,809	363	696	907	184	138	742	117	477	122	61
Sept.	3,356	3,932	370	702	943	181	145	776	114	523	118	59
Dec.	3,707	4,114	364	640	977	187	143	1,018	107	505	121	54
1975—Mar.	3,954	4,128	340	652	1,020	182	160	961	102	527	130	54
June	r4,068	r4,063	299	r632	r1,018	r182	154	939	98	536	138	68
Sept.	4,014	4,206	362	618	1,037	177	222	895	95	586	146	67

1 Data on the 2 lines shown for this data differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

25. OPEN MARKET RATES

(Per cent per annum)

Month	Canada		United Kingdom				France	Germany, Fed. Rep. of		Netherlands		Switzerland
	Treasury bills, 3 months[1]	Day-to-day money[2]	Prime bank bills, 3 months	Treasury bills, 3 months	Day-to-day money	Clearing banks' deposit rates	Day-to-day money[3]	Treasury bills, 60–90 days[4]	Day-to-day money[5]	Treasury bills, 3 months	Day-to-day money	Private discount rate
1973	5.43	5.27	10.45	9.40	8.27	7.96	8.92	6.40	10.18	4.07	4.94	5.09
1974	7.63	7.69	12.99	11.36	9.85	9.48	12.87	6.06	8.76	6.90	8.21	6.67
1975	7.36	7.34	10.57	10.16	10.13	7.23	7.89	3.51	4.23	4.41	3.65	6.25
1975—Jan.	6.65	6.82	11.93	10.59	8.40	9.30	11.20	5.13	7.54	6.60	6.18	7.00
Feb.	6.34	6.88	11.34	9.88	7.72	9.50	9.91	3.88	4.04	6.56	7.33	7.00
Mar.	6.29	6.73	10.11	9.49	7.53	8.22	9.06	3.38	4.87	5.94	5.87	7.00
Apr.	6.59	6.68	9.41	9.26	7.50	7.09	8.34	3.38	4.62	5.16	4.13	6.50
May	6.89	6.88	10.00	9.47	7.81	6.25	7.56	3.38	5.32	3.64	1.98	6.50
June	6.96	6.88	9.72	9.43	7.00	6.25	7.31	3.38	4.91	2.76	1.37	6.50
July	7.22	7.17	9.86	9.71	7.34	6.25	7.25	3.38	3.98	2.98	1.99	6.50
Aug.	7.72	7.42	10.59	10.43	8.59	6.43	7.16	3.38	1.93	2.89	1.51	6.00
Sept.	8.37	7.74	10.43	10.36	9.40	6.50	6.91	3.38	4.25	2.60	.94	5.50
Oct.	8.28	7.92	11.38	11.42	9.88	6.93	6.53	3.13	3.27	4.22	4.35	5.50
Nov.	8.44	8.29	11.21	11.10	11.34	7.00	6.74	3.13	3.36	4.67	4.19	5.50
Dec.	8.59	8.66	10.88	10.82	9.61	7.00	6.42	3.13	3.84	4.88	4.34	5.50
1976—Jan.	8.59	8.75	....	9.87	....	....	6.38	....	3.58	4.52	3.76	5.00

1 Based on average yield of weekly tenders during month.
2 Based on weekly averages of daily closing rates.
3 Rate shown is on private securities.
4 Rate in effect at end of month.
5 Monthly averages based on daily quotations.

NOTE.—For description and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics*, 1962.

NOTES TO TABLES 19a AND 19b ON PAGES A-70 AND A-71, RESPECTIVELY:

1 Cayman Islands included beginning Aug. 1973.
2 Total assets and total liabilities payable in U.S. dollars amounted to $41,250 million and $41,550 million, respectively, on Nov. 30, 1975.

NOTE.—Components may not add to totals due to rounding.

For a given month, total assets may not equal total liabilities because some branches do not adjust the parent's equity in the branch to reflect unrealized paper profits and paper losses caused by changes in exchange rates, which are used to convert foreign currency values into equivalent dollar values.

26. CENTRAL BANK RATES FOR DISCOUNTS AND ADVANCES TO COMMERCIAL BANKS

(Per cent per annum)

Country	Rate as of January 31, 1976		Country	Rate as of January 31, 1976	
	Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	Italy	6.0	Sept. 1975
Austria	5.0	Jan. 1976	Japan	6.5	Oct. 1975
Belgium	6.0	Aug. 1975	Mexico	4.5	June 1942
Brazil	18.0	Feb. 1972	Netherlands	4.5	Sept. 1975
Canada	9.0	Sept. 1975	Norway	5.0	Oct. 1975
Denmark	7.5	Aug. 1975	Sweden	5.5	Jan. 1976
France	8.0	Sept. 1975	Switzerland	2.5	Jan. 1976
Germany, Fed. Rep. of	3.5	Sept. 1975	United Kingdom	10.0	Jan. 1976
			Venezuela	5.0	Oct. 1970

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or govt. securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations. Other rates for some of these countries follow:

Argentina—3 and 5 per cent for certain rural and industrial paper, depending on type of transaction;

Brazil—8 per cent for secured paper and 4 per cent for certain agricultural paper;

Japan—Penalty rates (exceeding the basic rate shown) for borrowings from the central bank in excess of an individual bank's quota;

United Kingdom—The Bank's minimum lending rate, which is the average rate of discount for Treasury bills established at the most recent tender plus one-half per cent rounded to the nearest one-quarter per cent above;

Venezuela—2 per cent for rediscounts of certain agricultural paper, 4½ per cent for advances against government bonds, and 5½ per cent for rediscounts of certain industrial paper and on advances against promissory notes or securities of first-class Venezuelan companies.

27. FOREIGN EXCHANGE RATES

(In cents per unit of foreign currency)

Period	Australia (dollar)	Austria (schilling)	Belgium (franc)	Canada (dollar)	Denmark (krone)	France (franc)	Germany (Deutsche mark)	India (rupee)	Ireland (pound)	Italy (lira)	Japan (yen)
1972	119.23	4.3228	2.2716	100.937	14.384	19.825	31.364	13.246	250.08	.17132	.32995
1973	141.94	5.1649	2.5761	99.977	16.603	22.536	37.758	12.071	245.10	.17192	.36915
1974	143.89	5.3564	2.5713	102.257	16.442	20.805	38.723	12.460	234.03	.15372	.34302
1975	130.77	5.7467	2.7253	98.297	17.437	23.354	40.729	11.926	222.16	.15328	.33705
1975—Jan.	132.95	5.9477	2.8190	100.526	17.816	22.893	42.292	12.300	236.23	.15504	.33370
Feb.	134.80	6.0400	2.8753	99.957	18.064	23.390	42.981	12.550	239.58	.15678	.34294
Mar.	135.85	6.0648	2.9083	99.954	18.397	23.804	43.120	12.900	241.80	.15842	.34731
Apr.	134.16	5.9355	2.8433	98.913	18.119	23.806	42.092	12.686	237.07	.15767	.34224
May	134.04	6.0033	2.8631	97.222	18.299	24.655	42.546	12.391	232.05	.15937	.34314
June	133.55	6.0338	2.8603	97.426	18.392	24.971	42.726	12.210	228.03	.15982	.34077
July	130.95	5.7223	2.7123	97.004	17.477	23.659	40.469	11.777	218.45	.15387	.33741
Aug.	128.15	5.4991	2.6129	96.581	16.783	22.848	38.857	11.379	211.43	.14963	.33560
Sept.	128.87	5.4029	2.5485	97.437	16.445	22.367	38.191	11.281	208.34	.14740	.33345
Oct.	126.26	5.4586	2.5662	97.557	16.601	22.694	38.737	11.244	205.68	.14745	.33076
Nov.	126.26	5.4535	2.5618	98.631	16.564	22.684	38.619	11.238	204.84	.14721	.33053
Dec.	125.38	5.3986	2.5311	98.627	16.253	22.428	38.144	11.134	202.21	.14645	.32715
1976—Jan.	125.65	5.4300	2.5443	99.359	16.231	22.339	38.425	11.178	202.86	.14245	.32826

Period	Malaysia (dollar)	Mexico (peso)	Netherlands (guilder)	New Zealand (dollar)	Norway (krone)	Portugal (escudo)	South Africa (rand)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	United Kingdom (pound)
1972	35.610	8.0000	31.153	119.35	15.180	3.7023	129.43	1.5559	21.022	26.193	250.08
1973	40.988	8.0000	35.977	136.04	17.406	4.1080	143.88	1.7178	22.970	31.700	245.10
1974	41.682	8.0000	37.267	140.02	18.119	3.9506	146.98	1.7337	22.563	33.688	234.03
1975	41.753	8.0000	39.632	121.16	19.180	3.9286	136.47	1.7424	24.141	38.743	222.16
1975—Jan.	43.359	8.0000	40.715	131.72	19.579	4.0855	145.05	1.7800	24.750	39.571	236.23
Feb.	44.136	8.0000	41.582	133.30	19.977	4.1139	147.16	1.7784	25.149	40.450	239.58
Mar.	44.582	8.0000	42.124	134.31	20.357	4.1276	148.70	1.7907	25.481	40.273	241.80
Apr.	43.797	8.0000	41.291	132.66	20.049	4.0596	147.01	1.7756	25.171	39.080	237.07
May	44.278	8.0000	41.581	131.66	20.198	4.0933	146.69	1.7871	25.422	39.851	232.05
June	43.856	8.0000	41.502	130.86	20.393	4.1124	146.31	1.7922	25.532	40.086	228.03
July	41.442	8.0000	39.154	127.73	19.241	3.9227	139.75	1.7446	24.213	38.272	218.45
Aug.	39.779	8.0000	37.887	111.79	18.304	3.7700	139.72	1.7140	23.174	37.332	211.43
Sept.	38.219	8.0000	37.229	105.50	17.834	3.7048	131.40	1.6914	22.501	36.905	208.35
Oct.	38.931	8.0000	37.658	104.74	18.089	3.7359	114.84	1.6883	22.769	37.555	205.68
Nov.	38.929	8.0000	37.638	104.75	18.116	3.7318	114.69	1.6869	22.788	37.683	204.84
Dec.	38.670	8.0000	37.234	103.77	17.988	3.6836	114.75	1.6765	22.685	37.970	202.21
1976—Jan.	38.696	8.0000	37.429	104.06	17.992	3.6562	114.80	1.6751	22.831	38.418	202.86

NOTE.—Averages of certified noon buying rates in New York for cable transfers. For description of rates and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics*, 1962.

Board of Governors of the Federal Reserve System

ARTHUR F. BURNS, *Chairman*
STEPHEN S. GARDNER, *Vice Chairman*
ROBERT C. HOLLAND
HENRY C. WALLICH
PHILIP E. COLDWELL
PHILIP C. JACKSON, JR.
J. CHARLES PARTEE

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

JOHN M. DENKLER, *Staff Director*
ROBERT J. LAWRENCE, *Deputy Staff Director*
GORDON B. GRIMWOOD, *Assistant Director and Program Director for Contingency Planning*
WILLIAM W. LAYTON, *Director of Equal Employment Opportunity*
BRENTON C. LEAVITT, *Program Director for Banking Structure*
PETER E. BARNA, *Program Director for Bank Holding Company Analysis*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

JAMES R. KUDLINSKI, *Director*
WALTER A. ALTHAUSEN, *Assistant Director*
BRIAN M. CAREY, *Assistant Director*
HARRY A. GUINTER, *Assistant Director*

OFFICE OF BOARD MEMBERS

THOMAS J. O'CONNELL, *Counsel to the Chairman*
ROBERT SOLOMON, *Adviser to the Board*
JOSEPH R. COYNE, *Assistant to the Board*
KENNETH A. GUENTHER, *Assistant to the Board*
JAY PAUL BRENNEMAN, *Special Assistant to the Board*
FRANK O'BRIEN, JR., *Special Assistant to the Board*
DONALD J. WINN, *Special Assistant to the Board*

LEGAL DIVISION

JOHN D. HAWKE, JR., *General Counsel*
BALDWIN B. TUTTLE, *Deputy General Counsel*
ROBERT E. MANNION, *Assistant General Counsel*
ALLEN L. RAIKEN, *Assistant General Counsel*
GARY M. WELSH, *Assistant General Counsel*
CHARLES R. MCNEILL, *Assistant to the General Counsel*

OFFICE OF STAFF DIRECTOR FOR MONETARY POLICY

STEPHEN H. AXILROD, *Staff Director*
ARTHUR L. BROIDA, *Deputy Staff Director*
STANLEY J. SIGEL, *Assistant to the Board*
MURRAY ALTMANN, *Special Assistant to the Board*
NORMAND R. V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

LYLE E. GRAMLEY, *Director*
JAMES L. KICHLINE, *Associate Director*
JOSEPH S. ZEISEL, *Associate Director*
EDWARD C. ETTIN, *Adviser*
JOHN H. KALCHBRENNER, *Adviser*
PETER M. KEIR, *Adviser*
JAMES B. ECKERT, *Associate Adviser*
JOHN J. MINGO, *Associate Adviser*
ELEANOR J. STOCKWELL, *Associate Adviser*
HELMUT F. WENDEL, *Associate Adviser*
JAMES R. WETZEL, *Associate Adviser*
JARED J. ENZLER, *Assistant Adviser*
ROBERT M. FISHER, *Assistant Adviser*
J. CORTLAND G. PERET, *Assistant Adviser*
STEPHEN P. TAYLOR, *Assistant Adviser*
LEVON H. GARABEDIAN, *Assistant Director*

DIVISION OF FEDERAL RESERVE BANK EXAMINATIONS AND BUDGETS

WILLIAM H. WALLACE, *Director*
CLYDE H. FARNSWORTH, JR., *Assistant Director*
THOMAS E. MEAD, *Assistant Director*
P. D. RING, *Assistant Director*

DIVISION OF DATA PROCESSING

CHARLES L. HAMPTON, *Director*
BRUCE M. BEARDSLEY, *Associate Director*
GLENN L. CUMMINS, *Assistant Director*
WARREN N. MINAMI, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF PERSONNEL

KEITH D. ENGSTROM, *Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

JOHN KAKALEC, *Controller*
TYLER E. WILLIAMS, JR., *Assistant Controller*

DIVISION OF ADMINISTRATIVE SERVICES

WALTER W. KREIMANN, *Director*
DONALD E. ANDERSON, *Assistant Director*
JOHN D. SMITH, *Assistant Director*

OFFICE OF SAVER AND CONSUMER AFFAIRS

FREDERIC SOLOMON, *Assistant to the Board and Director*
JANET O. HART, *Deputy Director*
JERAULD C. KLUCKMAN, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*

OFFICE OF THE SECRETARY

THEODORE E. ALLISON, *Secretary*
*JOSEPH P. GARBARINI, *Assistant Secretary*
GRIFFITH L. GARWOOD, *Assistant Secretary*

DIVISION OF BANKING SUPERVISION AND REGULATION

BRENTON C. LEAVITT, *Director*
FREDERICK R. DAHL, *Assistant Director*
JACK M. EGERTSON, *Assistant Director*
JOHN N. LYON, *Assistant Director*
JOHN T. McCLINTOCK, *Assistant Director*
JOHN E. RYAN, *Assistant Director*
THOMAS A. SIDMAN, *Assistant Director*
WILLIAM W. WILES, *Assistant Director*

*On loan from the Federal Reserve Bank of St. Louis.

DIVISION OF INTERNATIONAL FINANCE

†RALPH C. BRYANT, *Director*
JOHN E. REYNOLDS, *Acting Director*
ROBERT F. GEMMILL, *Adviser*
REED J. IRVINE, *Adviser*
†HELEN B. JUNZ, *Adviser*
SAMUEL PIZER, *Adviser*
GEORGE B. HENRY, *Associate Adviser*
CHARLES J. SIEGMAN, *Associate Adviser*
EDWIN M. TRUMAN, *Associate Adviser*

†On leave of absence.

Federal Open Market Committee

ARTHUR F. BURNS, *Chairman*
PAUL A. VOLCKER, *Vice Chairman*

ERNEST T. BAUGHMAN
PHILIP E. COLDWELL
DAVID P. EASTBURN
STEPHEN S. GARDNER
ROBERT C. HOLLAND
PHILIP C. JACKSON, JR.
BRUCE K. MACLAURY
ROBERT P. MAYO
J. CHARLES PARTEE
HENRY C. WALLICH

ARTHUR L. BROIDA, *Secretary*
MURRAY ALTMANN, *Deputy Secretary*
NORMAND R. V. BERNARD, *Assistant Secretary*
THOMAS J. O'CONNELL, *General Counsel*
EDWARD G. GUY, *Deputy General Counsel*
STEPHEN H. AXILROD, *Economist (Domestic Finance)*
LYLE E. GRAMLEY, *Economist (Domestic Business)*
ROBERT SOLOMON, *Economist (International Finance)*
EDWARD G. BOEHNE, *Associate Economist*
*RALPH C. BRYANT, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
RALPH T. GREEN, *Associate Economist*
JOHN KAREKEN, *Associate Economist*
JOHN E. REYNOLDS, *Associate Economist*
KARL O. SCHELD, *Associate Economist*

ALAN R. HOLMES, *Manager, System Open Market Account*
PETER D. STERNLIGHT, *Deputy Manager for Domestic Operations*
SCOTT E. PARDEE, *Deputy Manager for Foreign Operations*

*On leave of absence.

Federal Advisory Council

ELLMORE C. PATTERSON, SECOND FEDERAL RESERVE DISTRICT, *President*
WILLIAM F. MURRAY, SEVENTH FEDERAL RESERVE DISTRICT, *Vice President*

RICHARD D. HILL, FIRST FEDERAL RESERVE DISTRICT
JAMES F. BODINE, THIRD FEDERAL RESERVE DISTRICT
M. BROCK WEIR, FOURTH FEDERAL RESERVE DISTRICT
JOHN H. LUMPKIN, FIFTH FEDERAL RESERVE DISTRICT
LAWRENCE A. MERRIGAN, SIXTH FEDERAL RESERVE DISTRICT
EDWIN S. JONES, EIGHTH FEDERAL RESERVE DISTRICT
GEORGE H. DIXON, NINTH FEDERAL RESERVE DISTRICT
EUGENE H. ADAMS, TENTH FEDERAL RESERVE DISTRICT
BEN F. LOVE, ELEVENTH FEDERAL RESERVE DISTRICT
GILBERT F. BRADLEY, TWELFTH FEDERAL RESERVE DISTRICT

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, *or facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Louis W. Cabot	Frank E. Morris	
		Robert M. Solow	James A. McIntosh	
NEW YORK*	10045	Frank R. Milliken	Paul A. Volcker	
		Robert H. Knight	Richard A. Debs	
Buffalo	14240	Rupert Warren		Ronald B. Gray
PHILADELPHIA	19105	John R. Coleman	David P. Eastburn	
		John W. Eckman	Mark H. Willes	
CLEVELAND*	44101	Horace A. Shepard	Willis J. Winn	
		Robert E. Kirby	Walter H. MacDonald	
Cincinnati	45201	Lawrence H. Rogers, II		Robert E. Showalter
Pittsburgh	15230	G. Jackson Tankersley		Robert D. Duggan
RICHMOND*	23261	E. Angus Powell	Robert P. Black	
		E. Craig Wall, Sr.	George C. Rankin	
Baltimore	21203	James G. Harlow		Jimmie R. Monhollon
Charlotte	28230	Charles W. DeBell		Stuart P. Fishburne
Culpeper Communications Center	*22701*			Albert D. Tinkelenberg
ATLANTA	30303	H. G. Pattillo	Monroe Kimbrel	
		Clifford M. Kirtland, Jr.	Kyle K. Fossum	
Birmingham	35202	Harold B. Blach, Jr.		Hiram J. Honea
Jacksonville	32203	Egbert R. Beall		Edward C. Rainey
Miami	33152	Castle W. Jordan		W. M. Davis
Nashville	37203	James W. Long		Jeffrey J. Wells
New Orleans	70161	Edwin J. Caplan		George C. Guynn
CHICAGO*	60690	Peter B. Clark	Robert P. Mayo	
		Robert H. Strotz	Daniel M. Doyle	
Detroit	48231	Tom Killefer		William C. Conrad
ST. LOUIS	63166	Edward J. Schnuck	Darryl R. Francis	
		Vacancy	Eugene A. Leonard	
Little Rock	72203	Ronald W. Bailey		John F. Breen
Louisville	40201	William H. Stroube		Donald L. Henry
Memphis	38101	Robert E. Healy		L. Terry Britt
MINNEAPOLIS	55480	James P. McFarland	Bruce K. MacLaury	
		Stephen F. Keating	Clement A. Van Nice	
Helena	59601	James C. Garlington		John D. Johnson
KANSAS CITY	64198	Robert T. Person	George H. Clay	
		Harold W. Andersen	John T. Boysen	
Denver	80217	Maurice B. Mitchell		J. David Hamilton
Oklahoma City	73125	James G. Harlow, Jr.		William G. Evans
Omaha	68102	Durward B. Varner		Robert D. Hamilton
DALLAS	75222	John Lawrence	Ernest T. Baughman	
		Charles T. Beaird	T. W. Plant	
El Paso	79999	J. Luther Davis		Fredric W. Reed
Houston	77001	Thomas J. Barlow		James L. Cauthen
San Antonio	78295	Margaret Scarbrough Wilson		Carl H. Moore
SAN FRANCISCO	94120	O. Meredith Wilson	John J. Balles	
		Joseph F. Alibrandi	John B. Williams	
Los Angeles	90051	Joseph R. Vaughan		Richard C. Dunn
Portland	97208	Loran L. Stewart		Angelo S. Carella
Salt Lake City	84110	Sam Bennion		A. Grant Holman
Seattle	98124	Lloyd E. Cooney		James J. Curran

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Columbus, Ohio 43216; Columbia, South Carolina 29210; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

Federal Reserve Board Publications

Available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Where a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1974. 125 pp. $1.00 each; 10 or more to one address, $.75 each.

ANNUAL REPORT

FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.

FEDERAL RESERVE CHART BOOK ON FINANCIAL AND BUSINESS STATISTICS. Monthly. Subscription includes one issue of Historical Chart Book. $12.00 per year or $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $1.00 each. Elsewhere, $15.00 per year or $1.50 each.

HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to monthly chart book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.

CAPITAL MARKET DEVELOPMENTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

THE FEDERAL RESERVE ACT, as amended through December 1971, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 252 pp. $1.25.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PUBLISHED INTERPRETATIONS OF THE BOARD OF GOVERNORS, as of June 30, 1975. $2.50.

SUPPLEMENT TO BANKING AND MONETARY STATISTICS. **Sec. 1.** Banks and the Monetary System. 1962. 35 pp. $.35. **Sec. 2.** Member Banks. 1967. 59 pp. $.50. **Sec. 5.** Bank Debits. 1966. 36 pp. $.35. **Sec. 6.** Bank Income. 1966. 29 pp. $.35. **Sec. 9.** Federal Reserve Banks. 1965. 36 pp. $.35. **Sec. 10.** Member Bank Reserves and Related Items. 1962. 64 pp. $.50. **Sec. 11.** Currency. 1963. 11 pp. $.35. **Sec. 12.** Money Rates and Securities Markets. 1966. 182 pp. $.65. **Sec. 14.** Gold. 1962. 24 pp. $.35. **Sec. 15.** International Finance. 1962. 92 pp. $.65. **Sec. 16 (New).** Consumer Credit. 1965. 103 pp. $.65.

THE FEDERAL FUNDS MARKET. 1959. 111 pp. $1.00 each; 10 or more to one address, $.85 each.

TRADING IN FEDERAL FUNDS. 1965. 116 pp. $1.00 each; 10 or more to one address, $.85 each.

INDUSTRIAL PRODUCTION—1971 EDITION. 1972. 383 pp. $4.00 each; 10 or more to one address, $3.50 each.

THE PERFORMANCE OF BANK HOLDING COMPANIES. 1967. 29 pp. $.25 each; 10 or more to one address, $.20 each.

BANK CREDIT-CARD AND CHECK-CREDIT PLANS. 1968. 102 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF FINANCIAL CHARACTERISTICS OF CONSUMERS. 1966. 166 pp. $1.00 each; 10 or more to one address, $.85 each.

SURVEY OF CHANGES IN FAMILY FINANCES. 1968. 321 pp. $1.00 each; 10 or more to one address, $.85 each.

REPORT OF THE JOINT TREASURY-FEDERAL RESERVE STUDY OF THE U.S. GOVERNMENT SECURITIES MARKET. 1969. 48 pp. $.25 each; 10 or more to one address, $.20 each.

JOINT TREASURY-FEDERAL RESERVE STUDY OF THE GOVERNMENT SECURITIES MARKET: STAFF STUDIES—PART 1. 1970. 86 pp. $.50 each; 10 or more to one address, $.40 each. PART 2. 1971. 153 pp. and PART 3. 1973. 131 pp. Each volume $1.00; 10 or more to one address, $.85 each.

OPEN MARKET POLICIES AND OPERATING PROCEDURES—STAFF STUDIES. 1971. 218 pp. $2.00 each; 10 or more to one address, $1.75 each.

REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. **Vol. 1.** 1971. 276 pp. **Vol. 2.** 1971. 173 pp. **Vol. 3.** 1972. 220 pp. Each volume $3.00; 10 or more to one address, $2.50 each.

THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30-31, 1970, Washington, D.C. Oct. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

FEDERAL RESERVE STAFF STUDY: WAYS TO MODERATE FLUCTUATIONS IN HOUSING CONSTRUCTION, Dec. 1972. 487 pp. $4.00 each; 10 or more to one address, $3.60 each.

LENDING FUNCTIONS OF THE FEDERAL RESERVE BANKS. 1973. 271 pp. $3.50 each; 10 or more to one address, $3.00 each.

INTRODUCTION TO FLOW OF FUNDS. 1975. 64 pp. $.50 each; 10 or more to one address, $.40 each.

IMPROVED FUND AVAILABILITY AT RURAL BANKS (Report and study papers of the Committee on Rural Banking Problems). June 1975. 133 pp. $1.00; 10 or more to one address, $.85 each.

STAFF ECONOMIC STUDIES

Studies and papers on economic and financial subjects that are of general interest in the field of economic research.

SUMMARIES ONLY PRINTED IN THE BULLETIN
(Limited supply of mimeographed copies of full text available upon request for single copies)

HOUSEHOLD-SECTOR ECONOMIC ACCOUNTS, by David F. Seiders. Jan. 1975. 84 pp.

THE PERFORMANCE OF INDIVIDUAL BANK HOLDING COMPANIES, by Arthur G. Fraas. Aug. 1975. 27 pp.

PRINTED IN FULL IN THE BULLETIN

Staff Economic Studies shown in list below.

REPRINTS

(Except for Staff Papers, Staff Economic Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

SEASONAL FACTORS AFFECTING BANK RESERVES. 2/58.

MEASURES OF MEMBER BANK RESERVES. 7/63.

RESEARCH ON BANKING STRUCTURE AND PERFORMANCE, **Staff Economic Study** by Tynan Smith. 4/66.

A REVISED INDEX OF MANUFACTURING CAPACITY, **Staff Economic Study** by Frank de Leeuw with Frank E. Hopkins and Michael D. Sherman. 11/66.

U.S. INTERNATIONAL TRANSACTIONS: TRENDS IN 1960–67. 4/68.

MEASURES OF SECURITY CREDIT. 12/70.

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS IN OPEN MARKET POLICY. 2/71.

REVISED MEASURES OF MANUFACTURING CAPACITY UTILIZATION. 10/71.

REVISION OF BANK CREDIT SERIES. 12/71.

ASSETS AND LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS. 2/72.

BANK DEBITS, DEPOSITS, AND DEPOSIT TURNOVER—REVISED SERIES. 7/72.

YIELDS ON NEWLY ISSUED CORPORATE BONDS. 9/72.

RECENT ACTIVITIES OF FOREIGN BRANCHES OF U.S. BANKS. 10/72.

REVISION OF CONSUMER CREDIT STATISTICS. 10/72.

ONE-BANK HOLDING COMPANIES BEFORE THE 1970 AMENDMENTS. 12/72.

YIELDS ON RECENTLY OFFERED CORPORATE BONDS. 5/73.

CAPACITY UTILIZATION IN MAJOR MATERIALS INDUSTRIES. 8/73.

CREDIT-CARD AND CHECK-CREDIT PLANS AT COMMERCIAL BANKS. 9/73.

RATES ON CONSUMER INSTALMENT LOANS. 9/73.

NEW SERIES FOR LARGE MANUFACTURING CORPORATIONS. 10/73.

MONEY SUPPLY IN THE CONDUCT OF MONETARY POLICY. 11/73.

U.S. ENERGY SUPPLIES AND USES, **Staff Economic Study** by Clayton Gehman. 12/73.

CAPACITY UTILIZATION FOR MAJOR MATERIALS: REVISED MEASURES. 4/74.

NUMERICAL SPECIFICATIONS OF FINANCIAL VARIABLES AND THEIR ROLE IN MONETARY POLICY. 5/74.

INFLATION AND STAGNATION IN MAJOR FOREIGN INDUSTRIAL COUNTRIES. 10/74.

REVISION OF THE MONEY STOCK MEASURES AND MEMBER BANK DEPOSITS. 12/74.

U.S. INTERNATIONAL TRANSACTIONS IN 1974. 4/75.

MONETARY POLICY IN A CHANGING FINANCIAL ENVIRONMENT: OPEN MARKET OPERATIONS IN 1974. 4/75.

THE STRUCTURE OF MARGIN CREDIT. 4/75.

CHANGES IN BANK LENDING PRACTICES, 1974. 4/75.

NEW STATISTICAL SERIES ON LOAN COMMITMENTS AT SELECTED LARGE COMMERCIAL BANKS. 4/75.

RECENT TRENDS IN FEDERAL BUDGET POLICY. 7/75.

BANKING AND MONETARY STATISTICS, 1974. Selected series of banking and monetary statistics for 1974 only. 2/75, 3/75, 4/75 and 7/75.

CHANGES IN TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS. January–April 1975. 10/75.

RECENT DEVELOPMENTS IN INTERNATIONAL FINANCIAL MARKETS. 10/75.

MINNIE: A SMALL VERSION OF THE MIT–PENN–SSRC ECONOMETRIC MODEL, **Staff Economic Study** by Douglas Battenberg, Jared J. Enzler and Arthur M. Havenner. 11/75.

AN ASSESSMENT OF BANK HOLDING COMPANIES, **Staff Economic Study** by Robert J. Lawrence and Samuel H. Talley. 1/76.

INDUSTRIAL ELECTRIC POWER USE. 1/76.

REVISION OF MONEY STOCK MEASURES. 2/76.

Index to Statistical Tables

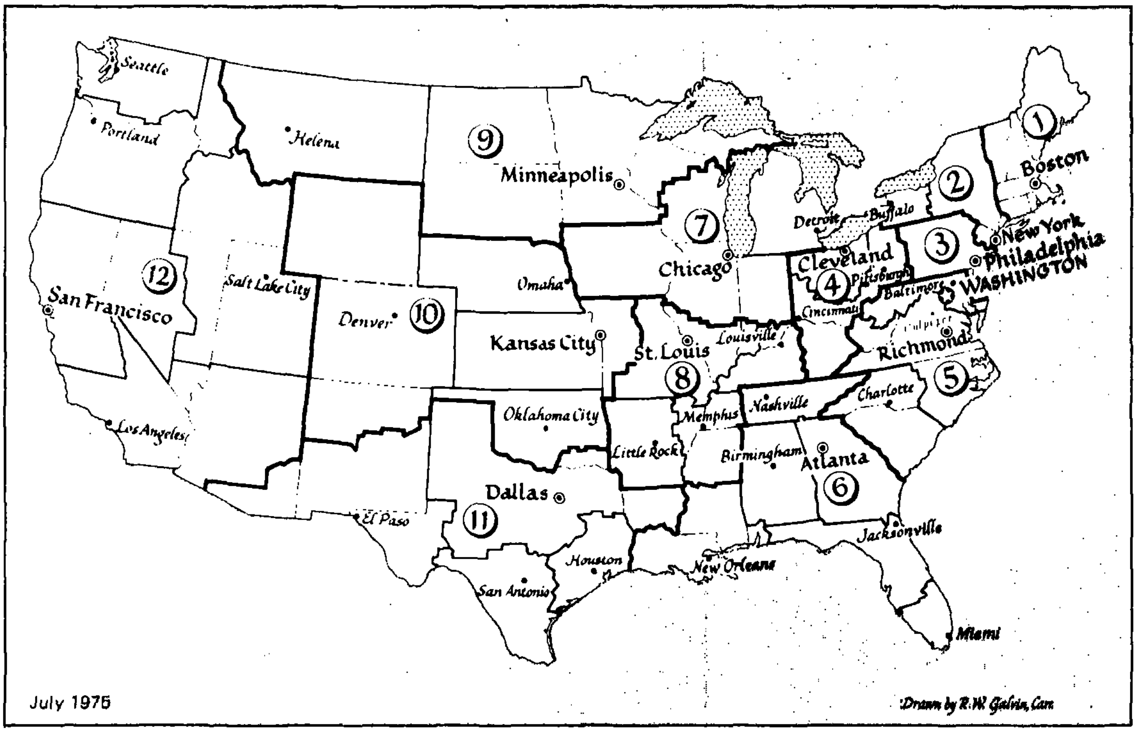
References are to pages A-2 through A-75 although the prefix "A" is omitted in this index

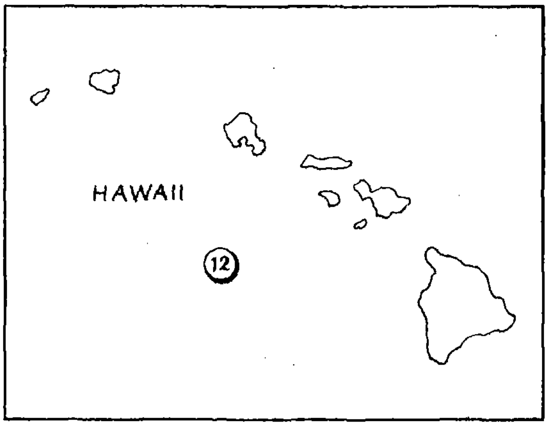
(For list of tables published periodically, but not monthly, see inside back cover)

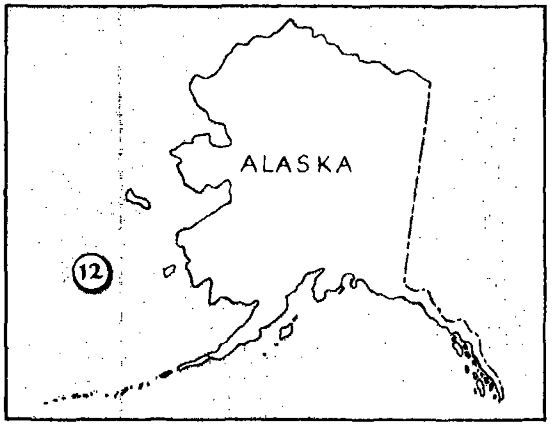
References are to pages A-2 through A-75 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

e	Estimated
c	Corrected
p	Preliminary
r	Revised
rp	Revised preliminary
I, II, III, IV	Quarters
n.e.c.	Not elsewhere classified
A.R.	Annual rate
S.A.	Monthly (or quarterly) figures adjusted for seasonal variation
N.S.A.	Monthly (or quarterly) figures not adjusted for seasonal variation
IPC	Individuals, partnerships, and corporations
SMSA	Standard metropolitan statistical area
A	Assets
L	Liabilities
S	Sources of funds
U	Uses of funds
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
....	(1) Zero, (2) no figure to be expected, or (3) figure delayed

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

A heavy vertical rule is used in the following instances: (1) to the right (to the left) of a total when the components shown to the right (left) of it add to that total (totals separated by ordinary rules include more components than those shown), (2) to the right (to the left) of items that are not part of a balance sheet, (3) to the left of memorandum items.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

The footnotes labeled NOTE (which always appear last) provide (1) the source or sources of data that do not originate in the System; (2) notice when figures are estimates; and (3) information on other characteristics of the data.

TABLES PUBLISHED QUARTERLY, SEMIANNUALLY, OR ANNUALLY, WITH LATEST BULLETIN REFERENCE

Quarterly	*Issue*	*Page*
Sales, revenue, profits, and dividends of large manufacturing corporations	Dec. 1975	A-76
Semiannually		
Banking offices:		
Number in the United States	Aug. 1975	A-76
Number of par and nonpar	Aug. 1975	A-77
Annually		
Bank holding companies:		
Banking offices and deposits of group banks, Dec. 31, 1974	June 1975	A-76—A-79
Banking and monetary statistics:		
1974	Feb. 1975	A-84—A-85
	Mar. 1975	A-79—A-82
	Apr. 1975	A-78—A-85
	May 1975	337
	July 1975	A-77

Annually—Continued	*Issue*	*Page*
Banks and branches, number, by class and State	Apr. 1975	A-76—A-77
Flow of funds:		
Assets and liabilities:		
1962–73	Oct. 1974	A-59.14—A-59.28
Flows:		
1965–73	Oct. 1974	A-58—A-59.13
Income and expenses:		
Federal Reserve Banks ..	Feb. 1975	A-80—A-81
Insured commercial banks	June 1975	A-80—A-81
Member banks:		
Calendar year	June 1975	A-80—A-89
Income ratios	June 1975	A-90—A-95
Operating ratios	Sept. 1975	A-76—A-81
Stock market credit	Feb. 1975	A-86—A-87

Statistical Releases

LIST PUBLISHED SEMIANNUALLY, WITH LATEST BULLETIN REFERENCE

	Issue	*Page*
Anticipated schedule of release dates for individual releases	Dec. 1975	A-83